

109TH CONGRESS
2^D SESSION

S. 2243

To make college more affordable by expanding and enhancing financial aid options for students and their families and providing loan forgiveness opportunities for public service employees, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 2, 2006

Mr. MENENDEZ introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To make college more affordable by expanding and enhancing financial aid options for students and their families and providing loan forgiveness opportunities for public service employees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “College Access and
5 Affordability Act”.

1 **SEC. 2. EXPANSION OF HOPE AND LIFETIME LEARNING**
 2 **CREDITS.**

3 (a) HOPE SCHOLARSHIP CREDIT AND LIFETIME
 4 LEARNING CREDIT EXPANDED TO COVER EXPENSES FOR
 5 OTHER EDUCATIONAL EXPENSES.—

6 (1) IN GENERAL.—Sections 25A and 6050S of
 7 the Internal Revenue Code of 1986 are each amend-
 8 ed by striking “qualified tuition and related ex-
 9 penses” each place it appears and inserting “quali-
 10 fied higher education expenses”.

11 (2) QUALIFIED HIGHER EDUCATION EX-
 12 PENSES.—Section 25A(f)(1) of the Internal Revenue
 13 Code of 1986 is amended to read as follows:

14 “(1) QUALIFIED HIGHER EDUCATION EX-
 15 PENSES.—

16 “(A) IN GENERAL.—The term ‘qualified
 17 higher education expenses’ means the tuition,
 18 fees, books, supplies, and equipment required
 19 for the enrollment or attendance of—

20 “(i) the taxpayer,

21 “(ii) the taxpayer’s spouse, or

22 “(iii) any dependent of the taxpayer
 23 with respect to whom the taxpayer is al-
 24 lowed a deduction under section 151,

1 at an eligible educational institution for courses
2 of instruction of such individual at such institu-
3 tion.

4 “(B) SPECIAL NEEDS SERVICES.—In the
5 case of an individual described in subparagraph
6 (A) with special needs, such term includes ex-
7 penses for special needs services which are in-
8 curred in connection with such enrollment or
9 attendance.”.

10 (3) CONFORMING AMENDMENT.—Paragraph (1)
11 of section 222 of the Internal Revenue Code of 1986
12 is amended to read as follows:

13 “(1) QUALIFIED TUITION AND RELATED EX-
14 PENSES.—

15 “(A) IN GENERAL.—The term ‘qualified
16 tuition and related expenses’ means tuition and
17 fees required for the enrollment or attendance
18 of—

19 “(i) the taxpayer,

20 “(ii) the taxpayer’s spouse, or

21 “(iii) any dependent of the taxpayer
22 with respect to whom the taxpayer is al-
23 lowed a deduction under section 151,

1 at an eligible educational institution for courses
 2 of instruction of such individual at such institu-
 3 tion.

4 “(B) EXCEPTION FOR EDUCATION INVOLV-
 5 ING SPORTS, ETC.—Such term does not include
 6 expenses with respect to any course or other
 7 education involving sports, games, or hobbies,
 8 unless such course or other education is part of
 9 the individual’s degree program.

10 “(C) EXCEPTION FOR NONACADEMIC
 11 FEES.—Such term does not include student ac-
 12 tivity fees, athletic fees, insurance expenses, or
 13 other expenses unrelated to an individual’s aca-
 14 demic course of instruction.

15 “(D) REDUCTION.—The qualified tuition
 16 and related expenses shall be reduced in the
 17 same manner as under section 25A(g)(2).”.

18 (b) INCREASE IN PER STUDENT LIMITATION FOR
 19 HOPE SCHOLARSHIP CREDIT.—

20 (1) IN GENERAL.—Subparagraph (B) of section
 21 25A(b)(1) of the Internal Revenue Code of 1986 is
 22 amended by striking “the applicable limit” and in-
 23 serting “\$4,000”.

24 (2) INFLATION ADJUSTMENT.—Paragraph (1)
 25 of section 25A(h) of the Internal Revenue Code of

1 1986 is amended by redesignating subparagraph (B)
2 as subparagraph (C) and by inserting after subpara-
3 graph (A) the following new subparagraph:

4 “(B) \$4,000 AMOUNT.—In the case of a
5 taxable year beginning after 2006, the \$4,000
6 amount contained in subsection (b)(1)(B) shall
7 be increased by an amount equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the cost-of-living adjustment de-
10 termined under section 1(f)(3) for the cal-
11 endar year in which the taxable year be-
12 gins, determined by substituting ‘calendar
13 year 2005’ for ‘calendar year 1992’ in sub-
14 paragraph (B) thereof.”.

15 (3) CONFORMING AMENDMENT.—Subsection (b)
16 of section 25A of the Internal Revenue Code of 1986
17 is amended by striking paragraph (4).

18 (c) INCREASE IN GROSS INCOME LIMITATION.—

19 (1) IN GENERAL.—Clause (ii) of section
20 25A(d)(2)(A) of the Internal Revenue Code of 1986
21 is amended by striking “\$40,000 (\$80,000” and in-
22 serting “\$58,000 (twice such amount”.

23 (2) INFLATION ADJUSTMENT.—Subparagraph
24 (A) of section 25A(h)(2) of the Internal Revenue
25 Code of 1986 is amended to read as follows:

1 “(A) IN GENERAL.—In the case of a tax-
2 able year beginning after 2006, the \$58,000
3 amount in subsection (d)(2) shall be increased
4 by an amount equal to—

5 “(i) such dollar amount, multiplied by

6 “(ii) the cost-of-living adjustment de-
7 termined under section 1(f)(3) for the cal-
8 endar year in which the taxable year be-
9 gins, determined by substituting ‘calendar
10 year 2005’ for ‘calendar year 1992’ in sub-
11 paragraph (B) thereof.”.

12 (d) HOPE SCHOLARSHIP CREDIT AVAILABLE FOR 4
13 YEARS.—Paragraph (2) of section 25A(b) of the Internal
14 Revenue Code of 1986 is amended by striking “2” each
15 place it appears in subparagraphs (A) and (C) and insert-
16 ing “4”.

17 (e) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to expenses paid after December
19 31, 2005, (in taxable years ending after such date) for
20 education furnished in academic periods beginning after
21 such date.

22 **SEC. 3. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**
23 **PLOYEES.**

24 Section 428K of the Higher Education Act of 1965
25 (20 U.S.C. 1078–11) is amended to read as follows:

1 **“SEC. 428K. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**
2 **PLOYEES.**

3 “(a) **PURPOSES.**—The purposes of this section are—

4 “(1) to reduce the burden of student debt, par-
5 ticularly for Americans who dedicate their careers to
6 meeting certain urgent national needs; and

7 “(2) to attract more excellent individuals into
8 important public service careers.

9 “(b) **LOAN FORGIVENESS.**—

10 “(1) **IN GENERAL.**—The Secretary shall assume
11 the obligation to repay, pursuant to subsection (c),
12 a loan made under section 428 or 428H, a Federal
13 Direct Stafford Loan or Federal Direct Unsub-
14 sidized Stafford Loan, a Federal Direct Consolida-
15 tion Loan, or a Federal Perkins Loan for any new
16 borrower after the date of enactment of the Higher
17 Education Amendments of 1998, who—

18 “(A) is employed full time in a qualified
19 public service position described in paragraph
20 (2); and

21 “(B) is not in default on a loan for which
22 the borrower seeks forgiveness.

23 “(2) **QUALIFIED PUBLIC SERVICE POSITIONS.**—

24 For purposes of this section, an individual shall be
25 treated as employed in a qualified public service po-
26 sition if the individual is any of the following:

1 “(A) HIGHLY QUALIFIED TEACHERS OF
2 MATHEMATICS, SCIENCE, AND BILINGUAL AND
3 SPECIAL EDUCATION AND IN LOW-INCOME COM-
4 MUNITIES.—An individual who—

5 “(i) is highly qualified as such term is
6 defined in section 9101 of the Elementary
7 and Secondary Education Act of 1965; and

8 “(ii)(I) has obtained employment as a
9 teacher for service in a public or nonprofit
10 private elementary or secondary school
11 that is in the school district of a local edu-
12 cational agency that is eligible in such year
13 for assistance pursuant to title I of the El-
14 ementary and Secondary Education Act of
15 1965, and which for the purpose of this
16 paragraph and for that year has been de-
17 termined by the Secretary (pursuant to
18 regulations and after consultation with the
19 State educational agency of the State in
20 which the school is located) to be a school
21 in which the enrollment of children counted
22 under section 1113(a)(5) of the Elemen-
23 tary and Secondary Education Act of 1965
24 exceeds 40 percent of the total enrollment
25 of that school; or

1 “(II) has obtained employment as a
2 full-time teacher of mathematics, science,
3 or bilingual or special education.

4 “(B) FIRST RESPONDERS IN LOW-INCOME
5 COMMUNITIES.—An individual who, as deter-
6 mined by the Secretary of Education by regula-
7 tion—

8 “(i) has obtained employment as a
9 firefighter, police officer, or emergency
10 medical technician; and

11 “(ii) serves a low-income community.

12 “(C) NURSES IN LOW INCOME COMMU-
13 NITIES.—An individual who is an eligible nurse
14 and has obtained employment—

15 “(i)(I) in a clinical setting; or

16 “(II) as a member of the nursing fac-
17 ulty at an accredited school of nursing (as
18 those terms are defined in section 801 of
19 the Public Health Service Act (42 U.S.C.
20 296)); and

21 “(ii) serves a low-income or needy
22 community.

23 “(D) CHILD WELFARE WORKERS.—An in-
24 dividual who—

1 “(i) has completed a degree in social
2 work or a related field with a focus on
3 serving children and families (as deter-
4 mined in accordance with regulations pre-
5 scribed by the Secretary); and

6 “(ii) has obtained employment in pub-
7 lic or private child welfare services.

8 “(c) LOAN REPAYMENT.—

9 “(1) IN GENERAL.—The Secretary shall assume
10 the obligation to repay a total of not more than
11 \$17,500 of principal and interest as follows:

12 “(A) after each of the first or second years
13 of service by an individual in a qualified public
14 service position, 15 percent of the total amount
15 of principal and interest of the loans described
16 in subsection (b)(1) to such individual that are
17 outstanding immediately preceding such first
18 year of such service;

19 “(B) after each of the third or fourth years
20 of such service, 20 percent of such total
21 amount; and

22 “(C) after the fifth year of such service, 30
23 percent of such total amount.

24 “(2) TREATMENT OF CONSOLIDATION LOANS.—

25 A loan amount for a loan made under section 428C

1 or for a Federal Direct Consolidation Loan may be
2 a qualified loan amount for the purposes of this sub-
3 section only to the extent that such loan amount was
4 used to repay a loan described in subsection (b)(1)
5 for a borrower who meets the requirements of sub-
6 section (b), as determined in accordance with regula-
7 tions prescribed by the Secretary.

8 “(3) CONSTRUCTION.—Nothing in this section
9 shall be construed to authorize the refunding of any
10 repayment of a loan made under section 428 or
11 428H, a Federal Direct Stafford Loan or Federal
12 Direct Unsubsidized Stafford Loan, a Federal Direct
13 Consolidation Loan, or a Federal Perkins Loan.

14 “(4) INTEREST.—If a portion of a loan is re-
15 paid by the Secretary under this section for any
16 year, the proportionate amount of interest on such
17 loan that accrues for such year shall be repaid by
18 the Secretary.

19 “(5) INELIGIBILITY OF NATIONAL SERVICE
20 AWARD RECIPIENTS.—No student borrower may, for
21 the same service, receive a benefit under both this
22 section and subtitle D of title I of the National and
23 Community Service Act of 1990 (42 U.S.C. 12601
24 et seq.).

1 “(6) INELIGIBILITY FOR DOUBLE BENEFITS.—

2 No borrower may receive a reduction of loan obliga-
3 tions under both this section and section 428J or
4 460.

5 “(7) CONTINUED ELIGIBILITY OF TEACHERS.—

6 Any teacher who performs service in a school that—

7 “(A) meets the requirements of subsection
8 (b)(2)(A)(ii)(I) in any year during such service;
9 and

10 “(B) in a subsequent year fails to meet the
11 requirements of such subsection, may continue
12 to teach in such school and shall be eligible for
13 loan forgiveness pursuant to subsection (b).

14 “(d) REPAYMENT TO ELIGIBLE LENDERS AND
15 HOLDERS.—The Secretary shall pay to each eligible lend-
16 er or holder for each fiscal year an amount equal to the
17 aggregate amount of the lender’s or holder’s loans that
18 are subject to repayment pursuant to this section for such
19 year.

20 “(e) APPLICATION FOR REPAYMENT.—

21 “(1) IN GENERAL.—Each eligible individual de-
22 siring loan repayment under this section shall sub-
23 mit a complete and accurate application to the Sec-
24 retary at such time, in such manner, and containing
25 such information as the Secretary may require.

1 “(2) CONDITIONS.—An eligible individual may
 2 apply for loan repayment under this section after
 3 completing each of the consecutive years of quali-
 4 fying service described in subsection (c)(1). The bor-
 5 rower may elect to receive forbearance while engaged
 6 in qualifying service described in subsection (c)(1)
 7 unless the borrower is in deferment while so en-
 8 gaged.

9 “(f) REGULATIONS.—The Secretary is authorized to
 10 prescribe such regulations as may be necessary to carry
 11 out the provisions of this section.

12 “(g) DEFINITIONS.—In this section:

13 “(1) CHILD WELFARE SERVICES.—The term
 14 ‘child welfare services’ has the meaning given the
 15 term in section 425 of the Social Security Act.

16 “(2) DEGREE.—The term ‘degree’ means an as-
 17 sociate or baccalaureate degree awarded by an insti-
 18 tution of higher education.

19 “(3) ELIGIBLE NURSE.—The term ‘eligible
 20 nurse’ means a nurse who meets all of the following:

21 “(A) The nurse graduated from—

22 “(i) an accredited school of nursing
 23 (as those terms are defined in section 801
 24 of the Public Health Service Act (42
 25 U.S.C. 296));

1 “(ii) a nursing center; or

2 “(iii) an academic health center that
3 provides nurse training.

4 “(B) The nurse holds a valid and unre-
5 stricted license to practice nursing in the State
6 in which the nurse practices in a clinical set-
7 ting.

8 “(C) The nurse holds 1 or more of the fol-
9 lowing:

10 “(i) A graduate degree in nursing, or
11 an equivalent degree.

12 “(ii) A nursing degree from a colle-
13 giate school of nursing (as defined in sec-
14 tion 801 of the Public Health Service Act
15 (42 U.S.C. 296)).

16 “(iii) A nursing degree from an asso-
17 ciate degree school of nursing (as defined
18 in section 801 of the Public Health Service
19 Act (42 U.S.C. 296)).

20 “(iv) A nursing degree from a diploma
21 school of nursing (as defined in section
22 801 of the Public Health Service Act (42
23 U.S.C. 296)).

24 “(4) LOW-INCOME COMMUNITY.—In this sub-
25 section, the term ‘low-income community’ means a

1 community in which 70 percent of households earn
 2 less than 85 percent of the State median household
 3 income.

4 “(5) YEAR.—The term ‘year’, where applied to
 5 service as a teacher (or service as a member of the
 6 nursing faculty of an accredited school of nursing
 7 (as those terms are defined in section 801 of the
 8 Public Health Service Act (42 U.S.C. 296))), means
 9 an academic year as defined by the Secretary.”.

10 **SEC. 4. YEAR-ROUND PELL GRANTS.**

11 Section 401(b)(6) of the Higher Education Act of
 12 1965 (20 U.S.C. 1070a(b)(6)) is amended by striking
 13 “may allow, on a case-by-case basis,” and inserting “shall
 14 allow”.

15 **SEC. 5. SPECIAL TRANSITION ASSISTANCE PLANS FOR BOR-**
 16 **ROWERS.**

17 (a) PLANS AUTHORIZED.—Section 428(b)(9) of the
 18 Higher Education Act of 1965 (20 U.S.C. 1078(b)(9)) is
 19 amended by adding at the end the following:

20 “(C) SPECIAL TRANSITION ASSISTANCE
 21 PLANS.—In addition to the plans required by
 22 subparagraph (A), the lender shall provide a
 23 borrower who has not yet completed 12 months
 24 in the repayment period with the option to
 25 repay a loan made under this section in accord-

1 ance with a special transition assistance plan.
2 The interest rate on a loan for which the bor-
3 rower elected a special transition assistance
4 plan shall be determined in accordance with
5 section 427A(k) or 427A(l), as applicable. If a
6 borrower participates in a special transition as-
7 sistance plan for 24 or more months, and then
8 repays the outstanding balance of the loan more
9 than 24 months prior to the last scheduled pay-
10 ment on the loan, the borrower shall repay the
11 Secretary the amount of interest that accrued
12 on the loan during the 24 months beginning on
13 the effective date of the plan.”.

14 (b) INTEREST RATES.—

15 (1) PRE-2006 LOANS.—Section 427A(k) of such
16 Act (20 U.S.C. 1077a(k)) is amended—

17 (A) by redesignating paragraph (5) as
18 paragraph (6); and

19 (B) by inserting after paragraph (4) the
20 following new paragraph:

21 “(5) SPECIAL TRANSITION ASSISTANCE PLANS
22 INTEREST RATES.—

23 “(A) IN GENERAL.—Notwithstanding para-
24 graph (1), with respect to any loan for which

1 the borrower elected a special transition assist-
2 ance plan as provided in section 428(b)(9)(C)—

3 “(i) for 24 months beginning on the
4 effective date of the plan the applicable
5 rate of interest shall be 3.4 percent; and

6 “(ii) for the last 24 months of the
7 scheduled repayment period the applicable
8 rate of interest shall be computed for each
9 calendar quarter beginning January 1,
10 April 1, July 1, and October 1 of each
11 year—

12 “(I) by determining the average
13 of the bond equivalent rates of the
14 quotes of the 3-month commercial
15 paper (financial) rates in effect for
16 each of the days in such quarter as
17 reported by the Federal Reserve in
18 Publication H-15 (or its successor)
19 for such 3-month period;

20 “(II) by subtracting the applica-
21 ble interest rates on such loans from
22 such average bond equivalent rate;

23 “(III) by adding 2.34 percent to
24 the resultant percent; and

1 “(IV) by dividing the resultant
2 percent by 4.

3 “(B) EXCEPTION.—The interest rate on a
4 loan for which the borrower elected a special
5 transition assistance plan for the period begin-
6 ning the first day of the last 24 months of the
7 scheduled repayment period until the beginning
8 of the first calendar quarter thereafter will be
9 computed using the average of the bond equiva-
10 lent rates of the quotes of the 3-month commer-
11 cial paper (financial) rates in effect for the
12 quarter ending the previous March 31, June 30,
13 September 30, or December 31.”.

14 (2) POST-2006 LOANS.—Section 427A(*l*) of such
15 Act (20 U.S.C. 1077a(*l*)) is amended by adding at
16 the end the following:

17 “(4) SPECIAL TRANSITION ASSISTANCE PLANS
18 INTEREST RATES.—

19 “(A) IN GENERAL.—Notwithstanding para-
20 graph (1), with respect to any loan for which
21 the borrower elected a special transition assist-
22 ance plan as provided in section 428(b)(9)(C)—

23 “(i) for 24 months beginning on the
24 effective date of the plan the applicable
25 rate of interest shall be 3.4 percent; and

1 “(ii) for the last 24 months of the
2 scheduled repayment period the applicable
3 rate of interest shall be computed for each
4 calendar quarter beginning January 1,
5 April 1, July 1, and October 1 of each
6 year—

7 “(I) by determining the average
8 of the bond equivalent rates of the
9 quotes of the 3-month commercial
10 paper (financial) rates in effect for
11 each of the days in such quarter as
12 reported by the Federal Reserve in
13 Publication H-15 (or its successor)
14 for such 3-month period;

15 “(II) by subtracting the applica-
16 ble interest rates on such loans from
17 such average bond equivalent rate;

18 “(III) by adding 2.34 percent to
19 the resultant percent; and

20 “(IV) by dividing the resultant
21 percent by 4.

22 “(B) EXCEPTION.—The interest rate on a
23 loan for which the borrower elected a special
24 transition assistance plan for the period begin-
25 ning the first day of the last 24 months of the

1 scheduled repayment period until the beginning
2 of the first calendar quarter thereafter will be
3 computed using the average of the bond equiva-
4 lent rates of the quotes of the 3-month commer-
5 cial paper (financial) rates in effect for the
6 quarter ending the previous March 31, June 30,
7 September 30, or December 31.”.

8 (c) ADDITIONAL CONFORMING AMENDMENTS.—

9 (1) Section 427(a)(2)(H) of such Act (20
10 U.S.C. 1077(a)(2)(H)) is amended by inserting after
11 “regulations of the Secretary” the following: “or in
12 accordance with a special transition assistance plan
13 as provided in section 428(b)(9)(C)”.

14 (2) Section 428(b)(1)(E)(i) of such Act (20
15 U.S.C. 1078(b)(1)(E)(i)) is amended by inserting
16 after “regulations of the Secretary” the following:
17 “or in accordance with a special transition assist-
18 ance plan as provided in section 428(b)(9)(C)”.

19 (3) Section 428(b)(1)(L)(i) of such Act (20
20 U.S.C. 1078(b)(1)(L)(i)) is amended by inserting
21 before “, be less than \$600” the following: “or the
22 borrower is in the first 24 months after the borrower
23 elected a special transition assistance plan as pro-
24 vided in section 428(b)(9)(C)”.

1 (4) Section 428C(a)(4)(A) of such Act (20
2 U.S.C. 1078–3(a)(4)(A)) is amended by inserting
3 before the semicolon the following: “except a loan
4 for which the borrower elected a special transition
5 assistance plan as provided in section 428(b)(9)(C)”.

6 (5) Section 428J(e) of such Act (20 U.S.C.
7 1078–10(e)) is amended by adding at the end the
8 following: “A loan for which the borrower elected a
9 special transition assistance plan as provided in sec-
10 tion 428(b)(9)(C) is not eligible for repayment under
11 this section.”.

12 **SEC. 6. SUPPORT FOR ACADEMIC CREDIT TRANSFERS.**

13 Subpart 2 of part A of title IV of the Higher Edu-
14 cation Act of 1965 (20 U.S.C. 1070a–11 et seq.) is
15 amended—

16 (1) by redesignating section 407E as section
17 406E; and

18 (2) by adding at the end the following:

19 **“CHAPTER 4—SUPPORT FOR ACADEMIC**
20 **CREDIT TRANSFERS**

21 **“SEC. 407A. PURPOSE.**

22 “It is the purpose of this chapter to enhance opportu-
23 nities of students to transfer between institutions in order
24 to complete baccalaureate degrees by supporting the devel-

1 opment and implementation of articulation and guaran-
2 teed transfer agreements.

3 **“SEC. 407B. ACTIVITIES.**

4 “(a) GRANTS AUTHORIZED.—From the amounts ap-
5 propriated under section 407C, the Secretary shall award
6 grants to a partnership that includes 2 or more institu-
7 tions of higher education, at least 1 of which offers a bac-
8 calaureate or postbaccalaureate degree.

9 “(b) USE OF FUNDS.—Grants awarded under this
10 part shall be used for—

11 “(1) the development of policies to promote the
12 transfer of academic credits between institutions and
13 to expand articulation and guaranteed transfer
14 agreements;

15 “(2) support services to students participating
16 in the program, such as tutoring, mentoring, and
17 academic and personal counseling, as well as any
18 service that facilitates the transition of students be-
19 tween the partner institutions;

20 “(3) academic program enhancements at a com-
21 munity or technical college that result in increasing
22 the quality of the program offered and the number
23 of student participants in the dual degree program
24 offered in conjunction with a baccalaureate degree-
25 granting institution; and

1 “(4) programs to identify barriers that inhibit
2 student transfers.

3 “(c) APPLICATIONS.—Any partnership that desires to
4 obtain a grant under this section shall submit to the Sec-
5 retary an application at such time, in such manner, and
6 containing such information or assurances as the Sec-
7 retary may require.

8 “(d) REGULATIONS.—The Secretary shall prescribe
9 such regulations as may be necessary to carry out this
10 section.

11 **“SEC. 407C. AUTHORIZATION OF APPROPRIATIONS.**

12 “There are authorized to be appropriated
13 \$70,000,000 to carry out this chapter for fiscal year 2007
14 and such sums as may be necessary for each of the 3 suc-
15 ceeding fiscal years.”.

16 **SEC. 7. FINANCIAL AID ADMINISTRATOR DISCRETION.**

17 Section 479A(a) of the Higher Education Act of
18 1965 (20 U.S.C. 1087tt(a)) is amended—

19 (1) by inserting “as described in paragraph
20 (1)” after “on the basis of adequate documenta-
21 tion”; and

22 (2) by inserting “on a case-by-case basis to”
23 after “on a case-by-case basis to the cost of attend-
24 ance or”.

1 **SEC. 8. PREVENTION OF EXCESSIVE DEBT.**

2 Section 479A(c) of the Higher Education Act of 1965
3 (20 U.S.C. 1087tt(c)) is amended—

4 (1) by inserting “or on a program, class-year,
5 or institution-wide basis” after “On a case-by-case
6 basis”; and

7 (2) by adding at the end the following new sen-
8 tences: “An institution may not refuse to certify, or
9 reduce the amount certified for, a loan under part
10 B in order to require the student to borrow a loan
11 under part D if the student has remaining loan eligi-
12 bility under part B. An institution that refuses or
13 reduces a certification under this subsection may
14 subsequently certify or increase the amount certified,
15 subject to the remaining loan eligibility of the stu-
16 dent borrower.”.

○