

***In the Senate of the United States,***

*July 20 (legislative day, July 19), 2007.*

*Resolved*, That the bill from the House of Representatives (H.R. 2669) entitled “An Act to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008.”, do pass with the following

**AMENDMENT:**

Strike out all after the enacting clause and insert:

1 **SECTION 1. SHORT TITLE; REFERENCES.**

2 (a) *SHORT TITLE.*—*This Act may be cited as the*  
3 *“Higher Education Access Act of 2007”.*

4 (b) *REFERENCES.*—*Except as otherwise expressly pro-*  
5 *vided, whenever in this Act an amendment or repeal is ex-*  
6 *pressed in terms of an amendment to, or repeal of, a section*  
7 *or other provision, the reference shall be considered to be*  
8 *made to a section or other provision of the Higher Edu-*  
9 *cation Act of 1965 (20 U.S.C. 1001 et seq.).*

1 **TITLE I—GRANTS TO STUDENTS**  
2 **IN ATTENDANCE AT INSTITU-**  
3 **TIONS OF HIGHER EDU-**  
4 **CATION**

5 **SEC. 101. TUITION SENSITIVITY.**

6 (a) *AMENDMENT.*—Section 401(b) (20 U.S.C.  
7 1070a(b)) is amended by striking paragraph (3).

8 (b) *AUTHORIZATION AND APPROPRIATION OF*  
9 *FUNDS.*—There is authorized to be appropriated, and there  
10 is appropriated, out of any money in the Treasury not oth-  
11 erwise appropriated, for the Department of Education to  
12 carry out the amendment made by subsection (a),  
13 \$5,000,000 for fiscal year 2008.

14 **SEC. 102. PROMISE GRANTS.**

15 (a) *AMENDMENT.*—Subpart 1 of part A of title IV (20  
16 U.S.C. 1070a et seq.) is amended by adding at the end the  
17 following:

18 **“SEC. 401B. PROMISE GRANTS.**

19 “(a) *GRANTS.*—

20 “(1) *IN GENERAL.*—From amounts appropriated  
21 under subsection (e) for a fiscal year and subject to  
22 subsection (b), the Secretary shall award grants to  
23 students in the same manner as the Secretary awards  
24 Federal Pell Grants to students under section 401, ex-  
25 cept that—

1           “(A) *at the beginning of each award year,*  
2           *the Secretary shall establish a maximum and*  
3           *minimum award level based on amounts made*  
4           *available under subsection (e);*

5           “(B) *the Secretary shall only award grants*  
6           *under this section to students eligible for a Fed-*  
7           *eral Pell Grant for the award year; and*

8           “(C) *when determining eligibility for the*  
9           *awards under this section, the Secretary shall*  
10          *consider only those students who submitted a*  
11          *Free Application for Federal Student Aid or*  
12          *other common reporting form under section 483*  
13          *as of July 1 of the award year for which the de-*  
14          *termination is made.*

15          “(2) *STUDENTS WITH THE GREATEST NEED.—*  
16          *The Secretary shall ensure grants are awarded under*  
17          *this section to students with the greatest need as de-*  
18          *termined in accordance with section 471.*

19          “(b) *COST OF ATTENDANCE LIMITATION.—A grant*  
20          *awarded under this section for an award year shall be*  
21          *awarded in an amount that does not exceed—*

22                 “(1) *the student’s cost of attendance for the*  
23                 *award year; less*

24                 “(2) *an amount equal to the sum of—*

1           “(A) *the expected family contribution for*  
2           *the student for the award year; and*

3           “(B) *any Federal Pell Grant award re-*  
4           *ceived by the student for the award year.*

5           “(c) *SUPPLEMENT NOT SUPPLANT.—Grants awarded*  
6           *from funds made available under subsection (e) shall be*  
7           *used to supplement, and not supplant, other Federal, State,*  
8           *or institutional grant funds.*

9           “(d) *USE OF EXCESS FUNDS.—*

10           “(1) *FIFTEEN PERCENT OR LESS.—If, at the end*  
11           *of a fiscal year, the funds available for making grant*  
12           *payments under this section exceed the amount nec-*  
13           *essary to make the grant payments required under*  
14           *this section to eligible students by 15 percent or less,*  
15           *then all of the excess funds shall remain available for*  
16           *making grant payments under this section during the*  
17           *next succeeding fiscal year.*

18           “(2) *MORE THAN FIFTEEN PERCENT.—If, at the*  
19           *end of a fiscal year, the funds available for making*  
20           *grant payments under this section exceed the amount*  
21           *necessary to make the grant payments required under*  
22           *this section to eligible students by more than 15 per-*  
23           *cent, then all of such funds shall remain available for*  
24           *making such grant payments but grant payments*

1       *may be made under this paragraph only with respect*  
2       *to awards for that fiscal year.*

3       “(e) *AUTHORIZATION AND APPROPRIATION OF*  
4       *FUNDS.—*

5               “(1) *IN GENERAL.—There are authorized to be*  
6       *appropriated, and there are appropriated, out of any*  
7       *money in the Treasury not otherwise appropriated,*  
8       *for the Department of Education to carry out this*  
9       *section—*

10               “(A) *\$2,620,000,000 for fiscal year 2008;*

11               “(B) *\$3,040,000,000 for fiscal year 2009;*

12               “(C) *\$3,460,000,000 for fiscal year 2010;*

13               “(D) *\$3,900,000,000 for fiscal year 2011;*

14               “(E) *\$4,020,000,000 for fiscal year 2012;*

15               “(F) *\$10,000,000 for fiscal year 2013;*

16               “(G) *\$3,650,000,000 for fiscal year 2014;*

17               “(H) *\$3,850,000,000 for fiscal year 2015;*

18               “(I) *\$4,175,000,000 for fiscal year 2016;*

19               *and*

20               “(J) *\$4,180,000,000 for fiscal year 2017.*

21               “(2) *AVAILABILITY OF FUNDS.—Funds appro-*  
22       *priated under paragraph (1) for a fiscal year shall*  
23       *remain available through the last day of the fiscal*  
24       *year immediately succeeding the fiscal year for which*  
25       *the funds are appropriated.”.*

1       (b) *EFFECTIVE DATE.*—*The amendment made by sub-*  
2 *section (a) shall take effect on July 1, 2008.*

3 **TITLE II—STUDENT LOAN BENE-**  
4 **FITS, TERMS, AND CONDI-**  
5 **TIONS**

6 **SEC. 201. DEFERMENTS.**

7       (a) *FISL.*—*Section 427(a)(2)(C)(iii) (20 U.S.C.*  
8 *1077(a)(2)(C)(iii)) is amended by striking “3 years” and*  
9 *inserting “6 years”.*

10       (b) *INTEREST SUBSIDIES.*—*Section 428(b)(1)(M)(iv)*  
11 *(20 U.S.C. 1078(b)(1)(M)(iv)) is amended by striking “3*  
12 *years” and inserting “6 years”.*

13       (c) *DIRECT LOANS.*—*Section 455(f)(2)(D) (20 U.S.C.*  
14 *1087e(f)(2)(D)) is amended by striking “3 years” and in-*  
15 *serting “6 years”.*

16       (d) *PERKINS.*—*Section 464(c)(2)(A)(iv) (20 U.S.C.*  
17 *1087dd(c)(2)(A)(iv)) is amended by striking “3 years” and*  
18 *inserting “6 years”.*

19       (e) *EFFECTIVE DATE AND APPLICABILITY.*—*The*  
20 *amendments made by this section shall take effect on July*  
21 *1, 2008, and shall only apply with respect to the loans made*  
22 *to a borrower of a loan under title IV of the Higher Edu-*  
23 *cation Act of 1965 who obtained the borrower’s first loan*  
24 *under such title prior to October 1, 2012.*

1 **SEC. 202. STUDENT LOAN DEFERMENT FOR CERTAIN MEM-**  
2 **BERS OF THE ARMED FORCES.**

3 (a) *FEDERAL FAMILY EDUCATION LOANS.*—Section  
4 428(b)(1)(M)(iii) (20 U.S.C. 1078(b)(1)(M)(iii)) is  
5 amended—

6 (1) in the matter preceding subclause (I), by  
7 striking “not in excess of 3 years”;

8 (2) in subclause (II), by striking “; or” and in-  
9 serting a comma; and

10 (3) by adding at the end the following:

11 “and for the 180-day period following the  
12 demobilization date for the service described  
13 in subclause (I) or (II); or”.

14 (b) *DIRECT LOANS.*—Section 455(f)(2)(C) (20 U.S.C.  
15 1087e(f)(2)(C)) is amended—

16 (1) in the matter preceding clause (i), by strik-  
17 ing “not in excess of 3 years”;

18 (2) in clause (ii), by striking “; or” and insert-  
19 ing a comma; and

20 (3) by adding at the end the following:

21 “and for the 180-day period following the demo-  
22 bilization date for the service described in clause  
23 (i) or (ii); or”.

24 (c) *PERKINS LOANS.*—Section 464(c)(2)(A)(iii) (20  
25 U.S.C. 1087dd(c)(2)(A)(iii)) is amended—

1           (1) *in the matter preceding subclause (I), by*  
2           *striking “not in excess of 3 years”;*

3           (2) *in subclause (II), by striking the semicolon*  
4           *and inserting a comma; and*

5           (3) *by adding at the end the following:*

6           *“and for the 180-day period following the demo-*  
7           *bilization date for the service described in sub-*  
8           *clause (I) or (II);”.*

9           (d) *APPLICABILITY.—Section 8007(f) of the Higher*  
10          *Education Reconciliation Act of 2005 (20 U.S.C. 1078 note)*  
11          *is amended by striking “loans for which” and all that fol-*  
12          *lows through the period at the end and inserting “all loans*  
13          *under title IV of the Higher Education Act of 1965.”.*

14          (e) *EFFECTIVE DATE.—The amendments made by this*  
15          *section shall take effect on July 1, 2008.*

16          **SEC. 203. INCOME-BASED REPAYMENT PLANS.**

17          (a) *FFEL.—Section 428 (as amended by sections*  
18          *201(b) and 202(a)) (20 U.S.C. 1078) is further amended—*

19                 (1) *in subsection (b)—*

20                         (A) *in paragraph (1)—*

21                                 (i) *in subparagraph (D), by striking*  
22                                 *“income contingent” and inserting “income-*  
23                                 *based”; and*

1           (ii) in subparagraph (E)(i), by strik-  
2           ing “income-sensitive” and inserting “in-  
3           come-based”; and

4           (B) by striking clause (iii) of paragraph  
5           (9)(A) and inserting the following:

6           “(iii) an income-based repayment  
7           plan, with parallel terms, conditions, and  
8           benefits as the income-based repayment  
9           plan described in subsections (e) and  
10          (d)(1)(D) of section 455, except that—

11           “(I) the plan described in this  
12           clause shall not be available to a bor-  
13           rower of an excepted PLUS loan (as  
14           defined in section 455(e)(10)) or of a  
15           loan made under 428C that includes  
16           an excepted PLUS loan;

17           “(II) in lieu of the process of ob-  
18           taining Federal income tax returns  
19           and information from the Internal  
20           Revenue Service, as described in sec-  
21           tion 455(e)(1), the borrower shall pro-  
22           vide the lender with a copy of the Fed-  
23           eral income tax return and return in-  
24           formation for the borrower (and, if ap-  
25           plicable, the borrower’s spouse) for the

1            *purposes described in section 455(e)(1),*  
2            *and the lender shall determine the re-*  
3            *payment obligation on the loan, in ac-*  
4            *cordance with the procedures developed*  
5            *by the Secretary;*

6            *“(III) in lieu of the requirements*  
7            *of section 455(e)(3), in the case of a*  
8            *borrower who chooses to repay a loan*  
9            *made, insured, or guaranteed under*  
10           *this part pursuant to income-based re-*  
11           *payment and for whom the adjusted*  
12           *gross income is unavailable or does not*  
13           *reasonably reflect the borrower’s cur-*  
14           *rent income, the borrower shall provide*  
15           *the lender with other documentation of*  
16           *income that the Secretary has deter-*  
17           *mined is satisfactory for similar bor-*  
18           *rowers of loans made under part D;*

19           *“(IV) the Secretary shall pay any*  
20           *interest due and not paid for under the*  
21           *repayment schedule described in sec-*  
22           *tion 455(e)(4) for a loan made, in-*  
23           *sured, or guaranteed under this part*  
24           *in the same manner as the Secretary*  
25           *pays any such interest under section*

1                    *455(e)(6) for a Federal Direct Stafford*  
2                    *Loan;*

3                    *“(V) the Secretary shall assume*  
4                    *the obligation to repay an outstanding*  
5                    *balance of principal and interest due*  
6                    *on all loans made, insured, or guaran-*  
7                    *teed under this part (other than an ex-*  
8                    *cepted PLUS Loan or a loan under*  
9                    *section 428C that includes an excepted*  
10                   *PLUS loan), for a borrower who satis-*  
11                   *fies the requirements of subparagraphs*  
12                   *(A) and (B) of section 455(e)(7), in the*  
13                   *same manner as the Secretary cancels*  
14                   *such outstanding balance under section*  
15                   *455(e)(7); and*

16                   *“(VI) in lieu of the notification*  
17                   *requirements under section 455(e)(8),*  
18                   *the lender shall notify a borrower of a*  
19                   *loan made, insured, or guaranteed*  
20                   *under this part who chooses to repay*  
21                   *such loan pursuant to income-based re-*  
22                   *payment of the terms and conditions of*  
23                   *such plan, in accordance with the pro-*  
24                   *cedures established by the Secretary,*  
25                   *including notification that—*

1           “(aa) the borrower shall be  
2           responsible for providing the lend-  
3           er with the information necessary  
4           for documentation of the bor-  
5           rower’s income, including income  
6           information for the borrower’s  
7           spouse (as applicable); and

8           “(bb) if the borrower con-  
9           siders that special circumstances  
10          warrant an adjustment, as de-  
11          scribed in section 455(e)(8)(B),  
12          the borrower may contact the  
13          lender, and the lender shall deter-  
14          mine whether such adjustment is  
15          appropriate, in accordance with  
16          the criteria established by the Sec-  
17          retary; and”;

18          (2) in subsection (e)—

19                (A) in the subsection heading, by striking  
20                “INCOME-SENSITIVE” and inserting “INCOME-  
21                BASED”;

22                (B) in paragraph (1)—

23                   (i) by striking “income-sensitive repay-  
24                   ment” and inserting “income-based repay-  
25                   ment”; and

1                   (ii) by inserting “and for the public  
2                   service loan forgiveness program under sec-  
3                   tion 455(m), in accordance with section  
4                   428C(b)(5)” before the semicolon; and

5                   (C) in paragraphs (2) and (3), by striking  
6                   “income-sensitive” each place the term occurs  
7                   and inserting “income-based”; and

8                   (3) in subsection (m)—

9                   (A) in the subsection heading, by striking  
10                  “INCOME CONTINGENT” and inserting “INCOME-  
11                  BASED”;

12                  (B) in paragraph (1), by striking “income  
13                  contingent repayment plan” and all that follows  
14                  through the period at the end and inserting “in-  
15                  come-based repayment plan as described in sub-  
16                  section (b)(9)(A)(iii) and section 455(d)(1)(D).”;  
17                  and

18                  (C) in the paragraph heading of paragraph  
19                  (2), by striking “INCOME CONTINGENT” and in-  
20                  serting “INCOME-BASED”.

21                  (b) CONSOLIDATION LOANS.—Section 428C (20 U.S.C.  
22                  1078–3) is amended—

23                  (1) in subsection (a)(3)(B)(i)(V), by striking “for  
24                  the purposes of obtaining an income contingent re-  
25                  payment plan,” and inserting “for the purpose of

1 *using the public service loan forgiveness program*  
2 *under section 455(m),”;*

3 *(2) in subsection (b)(5)—*

4 *(A) in the first sentence, by striking “, or*  
5 *is unable to obtain a consolidation loan with in-*  
6 *come-sensitive repayment terms acceptable to the*  
7 *borrower from such a lender,” and inserting “,*  
8 *or chooses to obtain a consolidation loan for the*  
9 *purposes of using the public service loan forgive-*  
10 *ness program offered under section 455(m),”;*  
11 *and*

12 *(B) in the second sentence, by striking “in-*  
13 *come contingent repayment under part D of this*  
14 *title” and inserting “income-based repayment”;*  
15 *and*

16 *(3) in subsection (c)—*

17 *(A) in paragraph (2)(A)—*

18 *(i) in the first sentence, by striking “of*  
19 *graduated or income-sensitive repayment*  
20 *schedules, established by the lender in ac-*  
21 *cordance with the regulations of the Sec-*  
22 *retary.” and inserting “of graduated repay-*  
23 *ment schedules, established by the lender in*  
24 *accordance with the regulations of the Sec-*  
25 *retary, and income-based repayment sched-*

1           ules, established pursuant to regulations by  
2           the Secretary.”; and

3           (ii) in the second sentence, by striking  
4           “Except as required” and all that follows  
5           through “subsection (b)(5),” and inserting  
6           “Except as required by such income-based  
7           repayment schedules,”; and

8           (B) in paragraph (3)(B), by striking “in-  
9           come contingent repayment offered by the Sec-  
10          retary under subsection (b)(5)” and inserting  
11          “income-based repayment”.

12          (c) *DIRECT LOANS*.—Section 455 (as amended by sec-  
13          tions 201(c) and 202(b)) (20 U.S.C. 1087e) is further  
14          amended—

15               (1) in subsection (d)—

16                   (A) in paragraph (1)(D)—

17                           (i) by striking “income contingent re-  
18                           payment plan” and inserting “income-  
19                           based repayment plan”; and

20                           (ii) by striking “a Federal Direct  
21                           PLUS loan” and inserting “an excepted  
22                           PLUS loan or any Federal Direct Consoli-  
23                           dation Loan that includes an excepted  
24                           PLUS loan (as defined in subsection  
25                           (e)(10))”; and

1           (B) in paragraph (5)(B), by striking “in-  
2           come contingent” and inserting “income-based”;  
3           and

4           (2) in subsection (e)—

5           (A) in the subsection heading, by striking  
6           “INCOME CONTINGENT” and inserting “INCOME-  
7           BASED”;

8           (B) in paragraphs (1), (2), and (3), by  
9           striking “income contingent” each place the term  
10          appears and inserting “income-based”;

11          (C) in paragraph (4)—

12           (i) by striking “Income contingent”  
13           and inserting “Income-based”; and

14           (ii) by striking “Secretary.” and in-  
15           serting “Secretary, except that the monthly  
16           required payment under such schedule shall  
17           not exceed 15 percent of the result obtained  
18           by calculating the amount by which—

19           “(A) the borrower’s adjusted gross income;  
20           exceeds

21           “(B) 150 percent of the poverty line appli-  
22           cable to the borrower’s family size, as determined  
23           under section 673(2) of the Community Service  
24           Block Grant Act,

25           divided by 12.”;

1           (D) in paragraph (5), by striking “income  
2           contingent” and inserting “income-based”;

3           (E) by redesignating paragraph (6) as  
4           paragraph (8);

5           (F) by inserting after paragraph (5) the fol-  
6           lowing:

7           “(6) *TREATMENT OF INTEREST.*—In the case of  
8           a Federal Direct Stafford Loan, any interest due and  
9           not paid for under paragraph (2) shall be paid by the  
10          Secretary.

11          “(7) *LOAN FORGIVENESS.*—The Secretary shall  
12          cancel the obligation to repay an outstanding balance  
13          of principal and interest due on all loans made under  
14          this part, or assume the obligation to repay an out-  
15          standing balance of principal and interest due on all  
16          loans made, insured, or guaranteed under part B,  
17          (other than an excepted PLUS Loan, or any Federal  
18          Direct Consolidation Loan or loan under section  
19          428C that includes an excepted PLUS loan) to a bor-  
20          rower who—

21                 “(A) makes the election under this sub-  
22                 section or under section 428(b)(9)(A)(iii); and

23                 “(B) for a period of time prescribed by the  
24                 Secretary not to exceed 25 years (including any  
25                 period during which the borrower is in

1           *deferment due to an economic hardship described*  
2           *in section 435(o)), meets 1 of the following re-*  
3           *quirements with respect to each payment made*  
4           *during such period:*

5                     “(i) *Has made the payment under this*  
6                     *subsection or section 428(b)(9)(A)(iii).*”

7                     “(ii) *Has made the payment under a*  
8                     *standard repayment plan under section*  
9                     *428(b)(9)(A)(i) or 455(d)(1)(A).*”

10                    “(iii) *Has made a payment that*  
11                    *counted toward the maximum repayment*  
12                    *period under income-sensitive repayment*  
13                    *under section 428(b)(9)(A)(iii) or income*  
14                    *contingent repayment under section*  
15                    *455(d)(1)(D), as each such section was in*  
16                    *effect on June 30, 2008.*”

17                    “(iv) *Has made a reduced payment of*  
18                    *not less than the amount required under*  
19                    *subsection (e), pursuant to a forbearance*  
20                    *agreement under section 428(c)(3)(A)(i) for*  
21                    *a borrower described in*  
22                    *428(c)(3)(A)(i)(II).”;*

23                    *(G) in the matter preceding subparagraph*  
24                    *(A) of paragraph (8) (as redesignated by sub-*

1           paragraph (E)), by striking “income contingent”  
2           and inserting “income-based”; and

3           (H) by adding at the end the following:

4           “(9) RETURN TO STANDARD REPAYMENT.—A  
5           borrower who is repaying a loan made under this  
6           part pursuant to income-based repayment may  
7           choose, at any time, to terminate repayment pursuant  
8           to income-based repayment and repay such loan  
9           under the standard repayment plan.

10          “(10) DEFINITION OF EXCEPTED PLUS LOAN.—  
11          In this subsection, the term ‘excepted PLUS loan’  
12          means a Federal Direct PLUS loan or a loan under  
13          section 428B that is made, insured, or guaranteed on  
14          behalf of a dependent student.”.

15          (d) CONFORMING AMENDMENTS AND TECHNICAL COR-  
16 RECTIONS.—The Act (20 U.S.C. 1001 et seq.) is further  
17 amended—

18           (1) in section 427(a)(2)(H) (20 U.S.C.  
19           1077(a)(2)(H))—

20           (A) by striking “or income-sensitive”; and

21           (B) by inserting “or income-based repay-  
22           ment schedule established pursuant to regula-  
23           tions by the Secretary” before the semicolon at  
24           the end; and

1           (2) *in section 455(d)(1)(C) (20 U.S.C.*  
2           *1087e(d)(1)(C)), by striking “428(b)(9)(A)(v)” and*  
3           *inserting “428(b)(9)(A)(iv)”.*

4           (e) *TRANSITION PROVISION.—A student who, as of*  
5           *June 30, 2008, elects to repay a loan under part B or part*  
6           *D of the Higher Education Act of 1965 (20 U.S.C. 1071*  
7           *et seq., 1087a et seq.) through an income-sensitive repay-*  
8           *ment plan under section 428(b)(9)(A)(iii) of such Act (20*  
9           *U.S.C. 1078(b)(9)(A)(iii)) or an income contingent repay-*  
10           *ment plan under section 455(d)(1)(D) of such Act (20*  
11           *U.S.C. 1087e(d)(1)(D)) (as each such section was in effect*  
12           *on the day before the date of enactment of this Act) shall*  
13           *have the option to continue repayment under such section*  
14           *(as such section was in effect on such day), or may elect,*  
15           *beginning on July 1, 2008, to use the income-based repay-*  
16           *ment plan under section 428(b)(9)(A)(iii) or 455(d)(1)(D)*  
17           *(as applicable) of the Higher Education Act of 1965, as*  
18           *amended by this section.*

19           (f) *EFFECTIVE DATE AND APPLICABILITY.—The*  
20           *amendments made by this section shall take effect on July*  
21           *1, 2008, and shall only apply with respect to a borrower*  
22           *of a loan under title IV of the Higher Education Act of*  
23           *1965 who obtained the borrower’s first loan under such title*  
24           *prior to October 1, 2012.*

1       **TITLE III—FEDERAL FAMILY**  
2       **EDUCATION LOAN PROGRAM**

3       **SEC. 301. REDUCTION OF LENDER INSURANCE PERCENT-**  
4               **AGE.**

5       (a) *AMENDMENT.*—Section 428(b)(1)(G) (20 U.S.C.  
6 1078(b)(1)(G)) is amended—

7               (1) in the matter preceding clause (i), by strik-  
8               ing “insures 98 percent” and inserting “insures 97  
9               percent”;

10              (2) in clause (i), by inserting “and” after the  
11              semicolon;

12              (3) by striking clause (ii); and

13              (4) by redesignating clause (iii) as clause (ii).

14       (b) *EFFECTIVE DATE.*—The amendment made by sub-  
15       section (a) shall take effect with respect to loans made on  
16       or after October 1, 2007.

17       **SEC. 302. GUARANTY AGENCY COLLECTION RETENTION.**

18       Clause (ii) of section 428(c)(6)(A) (20 U.S.C.  
19 1078(c)(6)(A)(ii)) is amended to read as follows:

20               “(ii) an amount equal to 24 percent of such  
21               payments for use in accordance with section  
22               422B, except that—

23                       “(I) beginning October 1, 2003 and  
24                       ending September 30, 2007, this subpara-

1           *graph shall be applied by substituting ‘23*  
2           *percent’ for ‘24 percent’; and*

3                   *“(II) beginning October 1, 2007, this*  
4           *subparagraph shall be applied by sub-*  
5           *stituting ‘16 percent’ for ‘24 percent’.”.*

6   **SEC. 303. ELIMINATION OF EXCEPTIONAL PERFORMER STA-**  
7                   **TUS FOR LENDERS.**

8           *(a) ELIMINATION OF STATUS.—Part B of title IV (20*  
9   *U.S.C. 1071 et seq.) is amended by striking section 428I*  
10 *(20 U.S.C. 1078–9).*

11           *(b) CONFORMING AMENDMENTS.—Part B of title IV is*  
12 *further amended—*

13                   *(1) in section 428(c)(1) (20 U.S.C. 1078(c)(1))—*

14                           *(A) by striking subparagraph (D); and*

15                           *(B) by redesignating subparagraphs (E)*  
16 *through (H) as subparagraphs (D) through (G),*  
17 *respectively; and*

18                   *(2) in section 438(b)(5) (20 U.S.C. 1087–*  
19 *1(b)(5)), by striking the matter following subpara-*  
20 *graph (B).*

21           *(c) EFFECTIVE DATE.—The amendments made by sub-*  
22 *sections (a) and (b) shall take effect on October 1, 2007,*  
23 *except that section 428I of the Higher Education Act of*  
24 *1965 (as in effect on the day before the date of enactment*  
25 *of this Act) shall apply to eligible lenders that received a*

1 *designation under subsection (a) of such section prior to*  
2 *October 1, 2007, for the remainder of the year for which*  
3 *the designation was made.*

4 **SEC. 304. DEFINITIONS.**

5 *(a) AMENDMENTS.—Section 435 (20 U.S.C. 1085) is*  
6 *amended—*

7 *(1) in subsection (o)(1)—*

8 *(A) in subparagraph (A)(ii), by striking*  
9 *“100 percent of the poverty line for a family of*  
10 *2” and inserting “150 percent of the poverty line*  
11 *applicable to the borrower’s family size”; and*

12 *(B) in subparagraph (B)(ii), by striking*  
13 *“to a family of two” and inserting “to the bor-*  
14 *rower’s family size”; and*

15 *(2) by adding at the end the following:*

16 *“(p) ELIGIBLE NOT-FOR-PROFIT HOLDER.—*

17 *“(1) DEFINITION OF ELIGIBLE NOT-FOR-PROFIT*  
18 *HOLDER.—The term ‘eligible not-for-profit holder’*  
19 *means an eligible lender under subsection (d) (except*  
20 *for an eligible lender described in subsection*  
21 *(d)(1)(E)) that requests a special allowance payment*  
22 *under section 438(b)(2)(I)(vi)(II) and that is—*

23 *“(A) a State of the United States, or a po-*  
24 *litical subdivision thereof, or an authority, agen-*  
25 *cy, or other instrumentality thereof (including*

1        *such entities that are eligible to issue bonds de-*  
2        *scribed in section 1.103–1 of title 26, Code of*  
3        *Federal Regulations, or section 144(b) of the In-*  
4        *ternal Revenue Code of 1986);*

5            *“(B) an entity described in section*  
6            *150(d)(2) of such Code that has not made the*  
7            *election described in section 150(d)(3) of such*  
8            *Code;*

9            *“(C) an entity described in section*  
10           *501(c)(3) of such Code; or*

11           *“(D) a trustee acting as an eligible lender*  
12           *on behalf of an entity described in subparagraph*  
13           *(A), (B), or (C),*

14        *except that no entity described in subparagraph (A),*  
15        *(B), or (C) shall be owned or controlled in whole or*  
16        *in part by a for-profit entity.*

17           *“(2) PROHIBITION.—In the case of a loan for*  
18           *which the special allowance payment is calculated*  
19           *under section 438(b)(2)(I)(vi)(II) and that is sold by*  
20           *the eligible not-for-profit holder holding the loan to a*  
21           *for-profit entity or to an entity that is not an eligible*  
22           *not-for-profit holder, the special allowance payment*  
23           *for such loan shall, beginning on the date of the sale,*  
24           *no longer be calculated under section*

1       438(b)(2)(I)(vi)(II) and shall be calculated under sec-  
2       tion 438(b)(2)(I)(vi)(I) instead.

3               “(3) REGULATIONS.—Not later than 1 year after  
4       the date of enactment of the Higher Education Access  
5       Act of 2007, the Secretary shall promulgate regula-  
6       tions in accordance with the provisions of this sub-  
7       section.”.

8       (b) APPLICABILITY.—The amendment made by sub-  
9       section (a)(1) shall only apply with respect to any borrower  
10      of a loan under title IV of the Higher Education Act of  
11      1965 who obtained the borrower’s first loan under such title  
12      prior to October 1, 2012.

13   **SEC. 305. SPECIAL ALLOWANCES.**

14      (a) REDUCTION OF LENDER SPECIAL ALLOWANCE  
15      PAYMENTS.—Section 438(b)(2)(I) (20 U.S.C. 1087–  
16      1(b)(2)(I)) is amended—

17              (1) in clause (i), by striking “(iii), and (iv)”  
18              and inserting “(iii), (iv), and (vi)”; and

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

20                      “(vi) REDUCTION FOR LOANS DIS-  
21                      BURSED ON OR AFTER OCTOBER 1, 2007.—  
22                      With respect to a loan on which the appli-  
23                      cable interest rate is determined under sec-  
24                      tion 427A(l) and for which the first dis-  
25                      bursement of principal is made on or after

1           *October 1, 2007, the special allowance pay-*  
2           *ment computed pursuant to this subpara-*  
3           *graph shall be computed—*

4                     *“(I) for loans held by an eligible*  
5                     *lender not described in subclause*  
6                     *(II)—*

7                             *“(aa) by substituting ‘1.24*  
8                             *percent’ for ‘1.74 percent’ in*  
9                             *clause (ii);*

10                            *“(bb) by substituting ‘1.84*  
11                            *percent’ for ‘2.34 percent’ each*  
12                            *place the term appears in this*  
13                            *subparagraph;*

14                            *“(cc) by substituting ‘1.84*  
15                            *percent’ for ‘2.64 percent’ in*  
16                            *clause (iii); and*

17                            *“(dd) by substituting ‘2.14*  
18                            *percent’ for ‘2.64 percent’ in*  
19                            *clause (iv); and*

20                     *“(II) for loans held by an eligible*  
21                     *not-for-profit holder—*

22                            *“(aa) by substituting ‘1.99*  
23                            *percent’ for ‘2.34 percent’ each*  
24                            *place the term appears in this*  
25                            *subparagraph;*

1           “(bb) by substituting ‘1.39  
2           percent’ for ‘1.74 percent’ in  
3           clause (ii);

4           “(cc) by substituting ‘1.99  
5           percent’ for ‘2.64 percent’ in  
6           clause (iii); and

7           “(dd) by substituting ‘2.29  
8           percent’ for ‘2.64 percent’ in  
9           clause (iv).”.

10        **(b) INCREASED LOAN FEES FROM LENDERS.**—Para-  
11 graph (2) of section 438(d) (20 U.S.C. 1087–1(d)(2)) is  
12 amended to read as follows:

13           “(2) **AMOUNT OF LOAN FEES.**—The amount of  
14 the loan fee which shall be deducted under paragraph  
15 (1), but which may not be collected from the borrower,  
16 shall be equal to 1.0 percent of the principal amount  
17 of the loan with respect to any loan under this part  
18 for which the first disbursement was made on or after  
19 October 1, 2007.”.

1 **TITLE IV—WILLIAM D. FORD FED-**  
2 **ERAL DIRECT LOAN PROGRAM**

3 **SEC. 401. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**  
4 **PLOYEES.**

5 *Section 455 (as amended by sections 201(c), 202(b),*  
6 *and 203(c)) (20 U.S.C. 1087e) is further amended by add-*  
7 *ing at the end the following:*

8 *“(m) REPAYMENT PLAN FOR PUBLIC SERVICE EM-*  
9 *PLOYEES.—*

10 *“(1) IN GENERAL.—The Secretary shall cancel*  
11 *the balance of interest and principal due, in accord-*  
12 *ance with paragraph (2), on any eligible Federal Di-*  
13 *rect Loan not in default for an eligible borrower*  
14 *who—*

15 *“(A) has made 120 monthly payments on*  
16 *the Federal Direct Loan after October 1, 2007,*  
17 *pursuant to any combination of—*

18 *“(i) payments under an income-based*  
19 *repayment plan under section 455(d)(1)(D);*

20 *“(ii) payments under a standard re-*  
21 *payment plan under section 455(d)(1)(A);*

22 *or*

23 *“(iii) monthly payments under a re-*  
24 *payment plan under section 455(d)(1) of*

1           *not less than the monthly amount calculated*  
2           *under section 455(d)(1)(A); and*

3           *“(B)(i) is employed in a public service job*  
4           *at the time of such forgiveness; and*

5           *“(ii) has been employed in a public service*  
6           *job during the period in which the borrower*  
7           *makes each of the 120 payments described in*  
8           *subparagraph (A).*

9           “(2) *LOAN CANCELLATION AMOUNT.*—*After the*  
10          *conclusion of the employment period described in*  
11          *paragraph (1), the Secretary shall cancel the obliga-*  
12          *tion to repay, for each year during such period de-*  
13          *scribed in paragraph (1)(B)(ii) for which the eligible*  
14          *borrower submits documentation to the Secretary that*  
15          *the borrower’s annual adjusted gross income or an-*  
16          *nuual earnings were less than or equal to \$65,000, <sup>1</sup>/<sub>10</sub>*  
17          *of the amount of the balance of principal and interest*  
18          *due as of the time of such cancellation, on the eligible*  
19          *Federal Direct Loans made to the borrower under this*  
20          *part.*

21          “(3) *DEFINITIONS.*—*In this subsection:*

22                 “(A) *ELIGIBLE BORROWER.*—*The term ‘eli-*  
23                 *gible borrower’ means a borrower who submits*  
24                 *documentation to the Secretary that the bor-*

1            *rower’s annual adjusted gross income or annual*  
2            *earnings is less than or equal to \$65,000.*

3            *“(B) ELIGIBLE FEDERAL DIRECT LOAN.—*  
4            *The term ‘eligible Federal Direct Loan’ means a*  
5            *Federal Direct Stafford Loan, Federal Direct*  
6            *PLUS Loan, Federal Direct Unsubsidized Loan,*  
7            *or a Federal Direct Consolidation Loan if such*  
8            *consolidation loan was obtained by the borrower*  
9            *under section 428C(b)(5) or in accordance with*  
10           *section 428C(a)(3)(B)(i)(V).*

11           *“(C) PUBLIC SERVICE JOB.—In this para-*  
12           *graph, the term ‘public service job’ means—*

13           *“(i) a full-time job in public emergency*  
14           *management, government, public safety,*  
15           *public law enforcement, public health, pub-*  
16           *lic education, public early childhood edu-*  
17           *cation, public child care, social work in a*  
18           *public child or family service agency, public*  
19           *services for individuals with disabilities,*  
20           *public services for the elderly, public inter-*  
21           *est legal services (including prosecution or*  
22           *public defense), public library sciences, pub-*  
23           *lic school library sciences, or other public*  
24           *school-based services; or*

1                   “(ii) teaching as a full-time faculty  
2                   member at a Tribal College or University as  
3                   defined in section 316(b).”.

4 **SEC. 402. UNIT COST CALCULATION FOR GUARANTY AGEN-**  
5 **CY ACCOUNT MAINTENANCE FEES.**

6                   Section 458(b) (20 U.S.C. 1087h(b)) is amended—

7                   (1) by striking “Account” and inserting the fol-  
8                   lowing:

9                   “(1) *FOR FISCAL YEARS 2006 AND 2007.*—For  
10                  each of the fiscal years 2006 and 2007, account”; and

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

12                  “(2) *FOR FISCAL YEAR 2008 AND SUCCEEDING*  
13                  *FISCAL YEARS.*—

14                  “(A) *IN GENERAL.*—For fiscal year 2008  
15                  and each succeeding fiscal year, the Secretary  
16                  shall calculate the account maintenance fees pay-  
17                  able to guaranty agencies under subsection  
18                  (a)(3), on a per-loan cost basis in accordance  
19                  with subparagraph (B).

20                  “(B) *AMOUNT DETERMINATION.*—To deter-  
21                  mine the amount that shall be paid under sub-  
22                  section (a)(3) per outstanding loan guaranteed  
23                  by a guaranty agency for fiscal year 2008 and  
24                  succeeding fiscal years, the Secretary shall—

1           “(i) establish the per-loan cost basis  
2           amount by dividing the total amount of ac-  
3           count maintenance fees paid under sub-  
4           section (a)(3) for fiscal year 2006 by the  
5           number of loans under part B that were  
6           outstanding for that fiscal year; and

7           “(ii) for subsequent fiscal years, adjust  
8           the amount determined under clause (i) as  
9           the Secretary determines necessary to ac-  
10          count for inflation.”.

## 11           **TITLE V—FEDERAL PERKINS** 12           **LOANS**

### 13   **SEC. 501. DISTRIBUTION OF LATE COLLECTIONS.**

14          Section 466(b) (20 U.S.C. 1087ff(b)) is amended by  
15   striking “March 31, 2012” and inserting “September 30,  
16   2012”.

## 17           **TITLE VI—NEED ANALYSIS**

### 18   **SEC. 601. SUPPORT FOR WORKING STUDENTS.**

19          (a) *DEPENDENT STUDENTS*.—Subparagraph (D) of  
20   section 475(g)(2) (20 U.S.C. 1087oo(g)(2)(D)) is amended  
21   to read as follows:

22           “(D) an income protection allowance of the  
23           following amount (or a successor amount pre-  
24           scribed by the Secretary under section 478):

1                   “(i) for academic year 2009–2010,  
2                   \$3,750;

3                   “(ii) for academic year 2010–2011,  
4                   \$4,500;

5                   “(iii) for academic year 2011–2012,  
6                   \$5,250; and

7                   “(iv) for academic year 2012–2013,  
8                   \$6,000;”.

9           (b) *INDEPENDENT STUDENTS WITHOUT DEPENDENTS*  
10 *OTHER THAN A SPOUSE.*—Clause (iv) of section  
11 476(b)(1)(A) (20 U.S.C. 1087pp(b)(1)(A)(iv)) is amended  
12 to read as follows:

13                   “(iv) an income protection allowance  
14                   of the following amount (or a successor  
15                   amount prescribed by the Secretary under  
16                   section 478):

17                   “(I) for single or separated stu-  
18                   dents, or married students where both  
19                   are enrolled pursuant to subsection  
20                   (a)(2)—

21                   “(aa) for academic year  
22                   2009–2010, \$7,000;

23                   “(bb) for academic year  
24                   2010–2011, \$7,780;

1                   “(cc) for academic year  
2                   2011–2012, \$8,550; and

3                   “(dd) for academic year  
4                   2012–2013, \$9,330; and

5                   “(II) for married students where 1  
6                   is enrolled pursuant to subsection  
7                   (a)(2)—

8                   “(aa) for academic year  
9                   2009–2010, \$11,220;

10                  “(bb) for academic year  
11                  2010–2011, \$12,460;

12                  “(cc) for academic year  
13                  2011–2012, \$13,710; and

14                  “(dd) for academic year  
15                  2012–2013, \$14,960;”.

16                  (c) *INDEPENDENT STUDENTS WITH DEPENDENTS*  
17 *OTHER THAN A SPOUSE.*—Paragraph (4) of section 477(b)  
18 (20 U.S.C. 1087qq(b)(4)) is amended to read as follows:

19                   “(4) *INCOME PROTECTION ALLOWANCE.*—The in-  
20                   come protection allowance is determined by the tables  
21                   described in subparagraphs (A) through (D) (or a  
22                   successor table prescribed by the Secretary under sec-  
23                   tion 478).

1                   “(A) *ACADEMIC YEAR 2009–2010.*—*For aca-*  
 2                   *dem ic year 2009–2010, the income protection al-*  
 3                   *lowance is determined by the following table:*

“*Income Protection Allowance*”

<i>Family Size</i>	<i>Number in College</i>				
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<i>2</i>	\$17,720	\$14,690			
<i>3</i>	22,060	19,050	\$16,020		
<i>4</i>	27,250	24,220	21,210	\$18,170	
<i>5</i>	32,150	29,120	26,100	23,070	\$20,060
<i>6</i>	37,600	34,570	31,570	28,520	25,520

*NOTE: For each additional family member, add \$4,240.  
 For each additional college student, subtract \$3,020.*

4                   “(B) *ACADEMIC YEAR 2010–2011.*—*For aca-*  
 5                   *dem ic year 2010–2011, the income protection al-*  
 6                   *lowance is determined by the following table:*

“*Income Protection Allowance*”

<i>Family Size</i>	<i>Number in College</i>				
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<i>2</i>	\$19,690	\$16,330			
<i>3</i>	24,510	21,160	\$17,800		
<i>4</i>	30,280	26,910	23,560	\$20,190	
<i>5</i>	35,730	32,350	29,000	25,640	\$22,290
<i>6</i>	41,780	38,410	35,080	31,690	28,350

*NOTE: For each additional family member, add \$4,710.  
 For each additional college student, subtract \$3,350.*

7                   “(C) *ACADEMIC YEAR 2011–2012.*—*For aca-*  
 8                   *dem ic year 2011–2012, the income protection al-*  
 9                   *lowance is determined by the following table:*

“*Income Protection Allowance*”

<i>Family Size</i>	<i>Number in College</i>				
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<i>2</i>	\$21,660	\$17,960			

*“Income Protection Allowance—Continued*

<i>Family Size</i>	<i>Number in College</i>				
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<i>3</i>	26,960	23,280	\$19,580		
<i>4</i>	33,300	29,600	25,920	\$22,210	
<i>5</i>	39,300	35,590	31,900	28,200	\$24,520
<i>6</i>	45,950	42,250	38,580	34,860	31,190

*NOTE: For each additional family member, add \$5,180.  
For each additional college student, subtract \$3,690.*

1                    *“(D) ACADEMIC YEAR 2012–2013.—For aca-*  
2                    *demie year 2012–2013, the income protection al-*  
3                    *lowance is determined by the following table:*

*“Income Protection Allowance*

<i>Family Size</i>	<i>Number in College</i>				
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<i>2</i>	\$23,630	\$19,590			
<i>3</i>	29,420	25,400	\$21,360		
<i>4</i>	36,330	32,300	28,280	\$24,230	
<i>5</i>	42,870	38,820	34,800	30,770	\$26,750
<i>6</i>	50,130	46,100	42,090	38,030	34,020

*NOTE: For each additional family member, add \$5,660.  
For each additional college student, subtract \$4,020.”*

4                    *(d) UPDATED TABLES AND AMOUNTS.—Section 478(b)*  
5                    *(20 U.S.C. 1087rr(b)) is amended—*

6                    *(1) by striking paragraph (1) and inserting the*  
7                    *following:*

8                    *“(1) REVISED TABLES.—*

9                    *“(A) IN GENERAL.—For each academic year*  
10                    *after academic year 2008–2009, the Secretary*  
11                    *shall publish in the Federal Register a revised*  
12                    *table of income protection allowances for the*

1           *purpose of such sections, subject to subpara-*  
2           *graphs (B) and (C).*

3           “(B) *TABLE FOR INDEPENDENT STU-*  
4           *DENTS.—*

5                   “(i) *ACADEMIC YEARS 2009–2010*  
6                   *THROUGH 2012–2013.—For each of the aca-*  
7                   *demie years 2009–2010 through 2012–2013,*  
8                   *the Secretary shall not develop a revised*  
9                   *table of income protection allowances under*  
10                   *section 477(b)(4) and the table specified for*  
11                   *such academic year under subparagraphs*  
12                   *(A) through (D) of such section shall apply.*

13                   “(ii) *OTHER ACADEMIC YEARS.—For*  
14                   *each academic year after academic year*  
15                   *2012–2013, the Secretary shall develop the*  
16                   *revised table of income protection allow-*  
17                   *ances by increasing each of the dollar*  
18                   *amounts contained in the table of income*  
19                   *protection allowances under section*  
20                   *477(b)(4)(D) by a percentage equal to the*  
21                   *estimated percentage increase in the Con-*  
22                   *sumer Price Index (as determined by the*  
23                   *Secretary) between December 2011 and the*  
24                   *December next preceding the beginning of*

1           *such academic year, and rounding the re-*  
2           *sult to the nearest \$10.*

3           “(C) *TABLE FOR PARENTS.—For each aca-*  
4           *ademic year after academic year 2008–2009, the*  
5           *Secretary shall develop the revised table of in-*  
6           *come protection allowances under section*  
7           *475(c)(4) by increasing each of the dollar*  
8           *amounts contained in the table by a percentage*  
9           *equal to the estimated percentage increase in the*  
10          *Consumer Price Index (as determined by the*  
11          *Secretary) between December 1992 and the De-*  
12          *cember next preceding the beginning of such aca-*  
13          *ademic year, and rounding the result to the near-*  
14          *est \$10.”; and*

15          *(2) in paragraph (2), by striking “shall be devel-*  
16          *oped” and all that follows through the period at the*  
17          *end and inserting “shall be developed for each aca-*  
18          *ademic year after academic year 2012–2013, by in-*  
19          *creasing each of the dollar amounts contained in such*  
20          *section for academic year 2012–2013 by a percentage*  
21          *equal to the estimated percentage increase in the Con-*  
22          *sumer Price Index (as determined by the Secretary)*  
23          *between December 2011 and the December next pre-*  
24          *ceding the beginning of such academic year, and*  
25          *rounding the result to the nearest \$10.”.*

1       (e) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section shall take effect on July 1, 2009.*

3 **SEC. 602. AUTOMATIC ZERO IMPROVEMENTS.**

4       (a) *IN GENERAL.*—*Section 479(c) (20 U.S.C.*  
5 *1087ss(c)) is amended—*

6           (1) *in paragraph (1)(B), by striking “20,000”*  
7 *and inserting “\$30,000”; and*

8           (2) *in paragraph (2)(B), by striking “\$20,000”*  
9 *and inserting “\$30,000”.*

10       (b) *EFFECTIVE DATE.*—*The amendments made by this*  
11 *section shall take effect on July 1, 2009.*

12 **SEC. 603. DISCRETION OF STUDENT FINANCIAL AID ADMIN-**  
13 **ISTRATORS.**

14       *The third sentence of section 479A(a) (20 U.S.C.*  
15 *1087tt(a)) is amended—*

16           (1) *by inserting “or an independent student”*  
17 *after “family member”; and*

18           (2) *by inserting “a change in housing status that*  
19 *results in homelessness (as defined in section 103 of*  
20 *the McKinney-Vento Homeless Assistance Act),” after*  
21 *“under section 487.”.*

22 **SEC. 604. DEFINITIONS.**

23       (a) *IN GENERAL.*—*Section 480 (20 U.S.C. 1087vv) is*  
24 *amended—*

25           (1) *in subsection (a)(2)—*

1           (A) by striking “and no portion” and in-  
2           serting “no portion”; and

3           (B) by inserting “and no distribution from  
4           any qualified education benefit described in sub-  
5           section (f)(3) that is not subject to Federal in-  
6           come tax,” after “1986.”;

7           (2) in subsection (d)—

8           (A) by redesignating paragraphs (1), (2),  
9           (3) through (6), and (7) as subparagraphs (A),  
10          (B), (D) through (G), and (I), respectively, and  
11          indenting appropriately;

12          (B) by striking “INDEPENDENT STU-  
13          DENT.—The term” and inserting “INDEPENDENT  
14          STUDENT.—

15          “(1) DEFINITION.—The term”;

16          (C) by striking subparagraph (B) (as reded-  
17          ignated by subparagraph (A)) and inserting the  
18          following:

19               “(B) is an orphan, in foster care, or a ward  
20               of the court, or was in foster care when the indi-  
21               vidual was 13 years of age or older or a ward  
22               of the court until the individual reached the age  
23               of 18;

24               “(C) is an emancipated minor or is in legal  
25               guardianship as determined by a court of com-

1            *petent jurisdiction in the individual’s State of*  
2            *legal residence;”;*

3            *(D) in subparagraph (G) (as redesignated*  
4            *by subparagraph (A)), by striking “or” after the*  
5            *semicolon;*

6            *(E) by inserting after subparagraph (G) (as*  
7            *redesignated by subparagraph (A)) the following:*

8            *“(H) has been verified as an unaccom-*  
9            *panied youth who is a homeless child or youth*  
10           *(as such terms are defined in section 725 of the*  
11           *McKinney-Vento Homeless Assistance Act) dur-*  
12           *ing the school year in which the application is*  
13           *submitted, by—*

14           *“(i) a local educational agency home-*  
15           *less liaison, designated pursuant to section*  
16           *722(g)(1)(J)(ii) of the McKinney-Vento*  
17           *Homeless Assistance Act;*

18           *“(ii) the director of a program funded*  
19           *under the Runaway and Homeless Youth*  
20           *Act or a designee of the director; or*

21           *“(iii) the director of a program funded*  
22           *under subtitle B of title IV of the McKin-*  
23           *ney-Vento Homeless Assistance Act (relating*  
24           *to emergency shelter grants) or a designee of*  
25           *the director; or”;* and

1                   (F) by adding at the end the following:

2                   “(2) *SIMPLIFYING THE DEPENDENCY OVERRIDE*  
3                   *PROCESS.—A financial aid administrator may make*  
4                   *a determination of independence under paragraph*  
5                   *(1)(I) based upon a documented determination of*  
6                   *independence that was previously made by another fi-*  
7                   *ancial aid administrator under such paragraph in*  
8                   *the same award year.”;*

9                   (3) in subsection (e)—

10                   (A) in paragraph (3), by striking “and”  
11                   after the semicolon;

12                   (B) in paragraph (4), by striking the period  
13                   at the end and inserting “; and”; and

14                   (C) by adding at the end the following:

15                   “(5) *special combat pay.*”;

16                   (4) in subsection (f), by striking paragraph (3)  
17                   and inserting the following:

18                   “(3) *A qualified education benefit shall be con-*  
19                   *sidered an asset of—*

20                   (A) *the student if the student is an inde-*  
21                   *pendent student; or*

22                   (B) *the parent if the student is a depend-*  
23                   *ent student, regardless of whether the owner of*  
24                   *the account is the student or the parent.”;*

25                   (5) in subsection (j)—

1           (A) in paragraph (2), by inserting “, or a  
2           distribution that is not includable in gross in-  
3           come under section 529 of such Code, under an-  
4           other prepaid tuition plan offered by a State, or  
5           under a Coverdell education savings account  
6           under section 530 of such Code,” after “1986”;  
7           and

8           (B) by adding at the end the following:

9           “(4) Notwithstanding paragraph (1), special combat  
10          pay shall not be treated as estimated financial assistance  
11          for purposes of section 471(3).”; and

12          (6) by adding at the end the following:

13          “(n) *SPECIAL COMBAT PAY.*—The term ‘special com-  
14          bat pay’ means pay received by a member of the Armed  
15          Forces because of exposure to a hazardous situation.”.

16          **SEC. 605. AUTHORIZATION AND APPROPRIATIONS.**

17          There are authorized to be appropriated, and there are  
18          appropriated, out of any money in the Treasury not other-  
19          wise appropriated, \$10,000,000 for fiscal year 2008 for the  
20          Department of Education to pay the estimated increase in  
21          costs in the Federal Pell Grant program under section 401  
22          of the Higher Education Act of 1965 (20 U.S.C. 1070a) re-  
23          sulting from the amendments made by sections 603 and 604  
24          for award year 2007–2008.

1       **TITLE VII—MISCELLANEOUS**

2       **SEC. 701. COMPETITIVE LOAN AUCTION PILOT PROGRAM.**

3           *Title IV (20 U.S.C. 1070 et seq.) is further amended*  
4 *by adding at the end the following:*

5       **“PART I—COMPETITIVE LOAN AUCTION PILOT**  
6           **PROGRAM; STATE GRANT PROGRAM**

7       **“SEC. 499. COMPETITIVE LOAN AUCTION PILOT PROGRAM.**

8           “(a) *DEFINITIONS.—In this section:*

9               “(1) *ELIGIBLE FEDERAL PLUS LOAN.—The term*  
10           *‘eligible Federal PLUS Loan’ means a loan described*  
11           *in section 428B made to a parent of a dependent stu-*  
12           *dent.*

13               “(2) *ELIGIBLE LENDER.—The term ‘eligible*  
14           *lender’ has the meaning given the term in section 435.*

15           “(b) *PILOT PROGRAM.—The Secretary shall carry out*  
16 *a pilot program under which the Secretary establishes a*  
17 *mechanism for an auction of eligible Federal PLUS Loans*  
18 *in accordance with this subsection. The pilot program shall*  
19 *meet the following requirements:*

20               “(1) *PLANNING AND IMPLEMENTATION.—During*  
21           *the period beginning on the date of enactment of this*  
22           *section and ending on June 30, 2009, the Secretary*  
23           *shall plan and implement the pilot program under*  
24           *this subsection.*

1           “(2) *ORIGINATION AND DISBURSEMENT; APPLICA-*  
2           *BILITY OF SECTION 428B.*—*Beginning on July 1,*  
3           *2009, the Secretary shall arrange for the origination*  
4           *and disbursement of all eligible Federal PLUS Loans*  
5           *in accordance with the provisions of this subsection*  
6           *and the provisions of section 428B that are not incon-*  
7           *sistent with this subsection.*

8           “(3) *LOAN ORIGINATION MECHANISM.*—*The Sec-*  
9           *retary shall establish a loan origination auction*  
10           *mechanism that meets the following requirements:*

11                   “(A) *AUCTION.*—*The Secretary administers*  
12                   *an auction under this paragraph for each State*  
13                   *under which eligible lenders compete to originate*  
14                   *eligible Federal PLUS Loans under this para-*  
15                   *graph at all institutions of higher education*  
16                   *within the State.*

17                   “(B) *PREQUALIFICATION PROCESS.*—*The*  
18                   *Secretary establishes a prequalification process*  
19                   *for eligible lenders desiring to participate in an*  
20                   *auction under this paragraph that contains, at*  
21                   *a minimum—*

22                           “(i) *a set of borrower benefits and serv-*  
23                           *icing requirements each eligible lender shall*  
24                           *meet in order to participate in such an auc-*  
25                           *tion; and*

1           “(ii) an assessment of each such eligi-  
2           ble lender’s capacity, including capital ca-  
3           pacity, to participate effectively.

4           “(C) *TIMING AND ORIGINATION.*—Each  
5           State auction takes place every 2 years, and the  
6           eligible lenders with the winning bids for the  
7           State are the only eligible lenders permitted to  
8           originate eligible Federal PLUS Loans made  
9           under this paragraph for the cohort of students  
10          at the institutions of higher education within the  
11          State until the students graduate from or leave  
12          the institutions of higher education.

13          “(D) *BIDS.*—Each eligible lender’s bid con-  
14          sists of the amount of the special allowance pay-  
15          ment (including the recapture of excess interest)  
16          the eligible lender proposes to accept from the  
17          Secretary with respect to the eligible Federal  
18          PLUS Loans made under this paragraph in lieu  
19          of the amount determined under section  
20          438(b)(2)(I).

21          “(E) *MAXIMUM BID.*—The maximum bid  
22          allowable under this paragraph shall not exceed  
23          the amount of the special allowance payable on  
24          eligible Federal PLUS Loans made under this  
25          paragraph computed under section 438(b)(2)(I)

1           *(other than clauses (ii), (iii), (iv), and (vi) of*  
2           *such section), except that for purposes of the*  
3           *computation under this subparagraph, section*  
4           *438(b)(2)(I)(i)(III) shall be applied by sub-*  
5           *stituting ‘1.74 percent’ for ‘2.34 percent’.*

6           “(F) *WINNING BIDS.*—*The winning bids for*  
7           *each State auction shall be the 2 bids containing*  
8           *the lowest and the second lowest proposed special*  
9           *allowance payments, subject to subparagraph*  
10          *(E).*

11          “(G) *AGREEMENT WITH SECRETARY.*—*Each*  
12          *eligible lender having a winning bid under sub-*  
13          *paragraph (F) enters into an agreement with the*  
14          *Secretary under which the eligible lender—*

15                 “(i) *agrees to originate eligible Federal*  
16                 *PLUS Loans under this paragraph to each*  
17                 *borrower who—*

18                         “(I) *seeks an eligible Federal*  
19                         *PLUS Loan under this paragraph to*  
20                         *enable a dependent student to attend*  
21                         *an institution of higher education*  
22                         *within the State;*

23                         “(II) *is eligible for an eligible*  
24                         *Federal PLUS Loan; and*

1                   “(III) elects to borrow from the el-  
2                   igible lender; and

3                   “(ii) agrees to accept a special allow-  
4                   ance payment (including the recapture of  
5                   excess interest) from the Secretary with re-  
6                   spect to the eligible Federal PLUS Loans  
7                   originated under clause (i) in the amount  
8                   proposed in the second lowest winning bid  
9                   described in subparagraph (F) for the ap-  
10                  plicable State auction.

11                  “(H) SEALED BIDS; CONFIDENTIALITY.—All  
12                  bids are sealed and the Secretary keeps the bids  
13                  confidential, including following the announce-  
14                  ment of the winning bids.

15                  “(I) ELIGIBLE LENDER OF LAST RESORT.—

16                  “(i) IN GENERAL.—In the event that  
17                  there is no winning bid under subpara-  
18                  graph (F), the students at the institutions of  
19                  higher education within the State that was  
20                  the subject of the auction shall be served by  
21                  an eligible lender of last resort, as deter-  
22                  mined by the Secretary.

23                  “(ii) DETERMINATION OF ELIGIBLE  
24                  LENDER OF LAST RESORT.—Prior to the  
25                  start of any auction under this paragraph,

1            *eligible lenders that desire to serve as an eli-*  
2            *gible lender of last resort shall submit an*  
3            *application to the Secretary at such time*  
4            *and in such manner as the Secretary may*  
5            *determine. Such application shall include*  
6            *an assurance that the eligible lender will*  
7            *meet the prequalification requirements de-*  
8            *scribed in subparagraph (B).*

9            *“(iii) GEOGRAPHIC LOCATION.—The*  
10           *Secretary shall identify an eligible lender of*  
11           *last resort for each State.*

12           *“(iv) NOTIFICATION TIMING.—The Sec-*  
13           *retary shall not identify any eligible lender*  
14           *of last resort until after the announcement*  
15           *of all the winning bids for a State auction*  
16           *for any year.*

17           *“(J) GUARANTEE AGAINST LOSSES.—The*  
18           *Secretary guarantees the eligible Federal PLUS*  
19           *Loans made under this paragraph against losses*  
20           *resulting from the default of a parent borrower*  
21           *in an amount equal to 99 percent of the unpaid*  
22           *principal and interest due on the loan.*

23           *“(K) LOAN FEES.—The Secretary shall not*  
24           *collect a loan fee under section 438(d) with re-*

1           *spect to an eligible Federal Plus Loan originated*  
2           *under this paragraph.*

3           “(L) CONSOLIDATION.—

4           “(i) IN GENERAL.—*An eligible lender*  
5           *who is permitted to originate eligible Fed-*  
6           *eral PLUS Loans for a borrower under this*  
7           *paragraph shall have the option to consoli-*  
8           *date such loans into 1 loan.*

9           “(ii) NOTIFICATION.—*In the event a*  
10           *borrower with eligible Federal PLUS Loans*  
11           *made under this paragraph wishes to con-*  
12           *solidate the loans, the borrower shall notify*  
13           *the eligible lender who originated the loans*  
14           *under this paragraph.*

15           “(iii) LIMITATION ON ELIGIBLE LEND-  
16           *ER OPTION TO CONSOLIDATE.—The option*  
17           *described in clause (i) shall not apply if—*

18           “(I) *the borrower includes in the*  
19           *notification in clause (ii) verification*  
20           *of consolidation terms and conditions*  
21           *offered by an eligible lender other than*  
22           *the eligible lender described in clause*  
23           *(i); and*

24           “(II) *not later than 10 days after*  
25           *receiving such notification from the*

1            *borrower, the eligible lender described*  
2            *in clause (i) does not agree to match*  
3            *such terms and conditions, or provide*  
4            *more favorable terms and conditions to*  
5            *such borrower than the offered terms*  
6            *and conditions described in subclause*  
7            *(I).*

8            *“(iv) CONSOLIDATION OF ADDITIONAL*  
9            *LOANS.—If a borrower has a Federal Direct*  
10           *PLUS Loan or a loan made on behalf of a*  
11           *dependent student under section 428B and*  
12           *seeks to consolidate such loan with an eligi-*  
13           *ble Federal PLUS Loan made under this*  
14           *paragraph, then the eligible lender that*  
15           *originated the borrower’s loan under this*  
16           *paragraph may include in the consolidation*  
17           *under this subparagraph a Federal Direct*  
18           *PLUS Loan or a loan made on behalf of a*  
19           *dependent student under section 428B, but*  
20           *only if—*

21                    *“(I) in the case of a Federal Di-*  
22                    *rect PLUS Loan, the eligible lender*  
23                    *agrees, not later than 10 days after the*  
24                    *borrower requests such consolidation*  
25                    *from the lender, to match the consoli-*

1            *dation terms and conditions that*  
2            *would otherwise be available to the bor-*  
3            *rower if the borrower consolidated such*  
4            *loans in the loan program under part*  
5            *D; or*

6            *“(II) in the case of a loan made*  
7            *on behalf of a dependent student under*  
8            *section 428B, the eligible lender agrees,*  
9            *not later than 10 days after the bor-*  
10           *rower requests such consolidation from*  
11           *the lender, to match the consolidation*  
12           *terms and conditions offered by an eli-*  
13           *gible lender other than the eligible*  
14           *lender that originated the borrower’s*  
15           *loans under this paragraph.*

16           *“(v) SPECIAL ALLOWANCE ON CONSOLI-*  
17           *DATION LOANS THAT INCLUDE LOANS MADE*  
18           *UNDER THIS PARAGRAPH.—The applicable*  
19           *special allowance payment for loans consoli-*  
20           *dated under this paragraph shall be equal*  
21           *to the lesser of—*

22           *“(I) the weighted average of the*  
23           *special allowance payment on such*  
24           *loans, except that such weighted aver-*  
25           *age shall exclude the special allowance*

1                    *payment for any Federal Direct PLUS*  
 2                    *Loan included in the consolidation; or*

3                    *“(II) the result of—*

4                                       *“(aa) the average of the bond*  
 5                                       *equivalent rates of the quotes of*  
 6                                       *the 3-month commercial paper (fi-*  
 7                                       *nancial) rates in effect for each of*  
 8                                       *the days in such quarter as re-*  
 9                                       *ported by the Federal Reserve in*  
 10                                       *Publication H-15 (or its suc-*  
 11                                       *cessor) for such 3-month period;*  
 12                                       *plus*

13                                       *“(bb) 1.59 percent.*

14                                       *“(vi) INTEREST PAYMENT REBATE*  
 15                                       *FEE.—Any loan under section 428C consoli-*  
 16                                       *dated under this paragraph shall not be*  
 17                                       *subject to the interest payment rebate fee*  
 18                                       *under section 428C(f).*

19                    *“(c) COLLEGE ACCESS PARTNERSHIP GRANT PRO-*  
 20 *GRAM.—*

21                                       *“(1) PURPOSE.—It is the purpose of this sub-*  
 22                                       *section to make payments to States to assist the*  
 23                                       *States in carrying out the activities and services de-*  
 24                                       *scribed in paragraph (7) in order to increase access*  
 25                                       *to higher education for students in the State.*

1           “(2) *AUTHORIZATION AND APPROPRIATIONS.*—  
2           *There are authorized to be appropriated, and there*  
3           *are appropriated, \$113,000,000 for each of the fiscal*  
4           *years 2008 and 2009 to carry out this subsection.*

5           “(3) *PROGRAM AUTHORIZED.*—

6           “(A)     *GRANTS        AUTHORIZED.*—*From*  
7           *amounts appropriated under paragraph (2), the*  
8           *Secretary shall award grants, from allotments*  
9           *under paragraph (4), to States having applica-*  
10          *tions approved under paragraph (5), to enable*  
11          *the State to pay the Federal share of the costs of*  
12          *carrying out the activities and services described*  
13          *in paragraph (7).*

14          “(B)     *FEDERAL     SHARE;   NON-FEDERAL*  
15          *SHARE.*—

16                 “(i) *FEDERAL SHARE.*—*The amount of*  
17                 *the Federal share under this subsection for*  
18                 *a fiscal year shall be equal to  $\frac{2}{3}$  of the costs*  
19                 *of the activities and services described in*  
20                 *paragraph (7).*

21                 “(ii)    *NON-FEDERAL     SHARE.*—*The*  
22                 *amount of the non-Federal share under this*  
23                 *subsection shall be equal to  $\frac{1}{3}$  of the costs*  
24                 *of the activities and services described in*  
25                 *paragraph (7). The non-Federal share may*

1           *be in cash or in-kind, and may be provided*  
2           *from a combination of State resources and*  
3           *contributions from private organizations in*  
4           *the State.*

5           “(C) *REDUCTION FOR FAILURE TO PAY NON-*  
6           *FEDERAL SHARE.—If a State fails to provide the*  
7           *full non-Federal share required under this para-*  
8           *graph, the Secretary shall reduce the amount of*  
9           *the grant payment under this subsection propor-*  
10          *tionately.*

11          “(D) *TEMPORARY INELIGIBILITY FOR SUB-*  
12          *SEQUENT PAYMENTS.—*

13                 “(i) *IN GENERAL.—The Secretary shall*  
14                 *determine a State to be temporarily ineli-*  
15                 *gible to receive a grant payment under this*  
16                 *subsection for a fiscal year if—*

17                         “(I) *the State fails to submit an*  
18                         *annual report pursuant to paragraph*  
19                         *(9) for the preceding fiscal year; or*

20                         “(II) *the Secretary determines,*  
21                         *based on information in such annual*  
22                         *report, that the State is not effectively*  
23                         *meeting the conditions described under*  
24                         *paragraph (8) and the goals of the ap-*  
25                         *plication under paragraph (5).*

1           “(i) *REINSTATEMENT.*—If the Sec-  
2           retary determines a State is ineligible under  
3           clause (i), the Secretary may enter into an  
4           agreement with the State setting forth the  
5           terms and conditions under which the State  
6           may regain eligibility to receive payments  
7           under this subsection.

8           “(4) *DETERMINATION OF ALLOTMENT.*—

9           “(A) *AMOUNT OF ALLOTMENT.*—Subject to  
10          subparagraph (B), in making grant payments to  
11          States under this subsection, the allotment to  
12          each State for a fiscal year shall be equal to the  
13          sum of—

14               “(i) the amount that bears the same re-  
15               lation to 50 percent of the amount appro-  
16               priated under paragraph (2) for such fiscal  
17               year as the number of residents in the State  
18               aged 5 through 17 who are living below the  
19               poverty line applicable to the resident’s  
20               family size (as determined under section  
21               673(2) of the Community Service Block  
22               Grant Act) bears to the total number of such  
23               residents in all States; and

24               “(ii) the amount that bears the same  
25               relation to 50 percent of the amount appro-

1            *priated under paragraph (2) for such fiscal*  
2            *year as the number of residents in the State*  
3            *aged 15 through 44 who are living below the*  
4            *poverty line applicable to the individual's*  
5            *family size (as determined under section*  
6            *673(2) of the Community Service Block*  
7            *Grant Act) bears to the total number of such*  
8            *residents in all States.*

9            *“(B) MINIMUM AMOUNT.—No State shall re-*  
10          *ceive an allotment under this subsection for a fis-*  
11          *cal year in an amount that is less than 1/2 of 1*  
12          *percent of the total amount appropriated under*  
13          *paragraph (2) for such fiscal year.*

14          *“(5) SUBMISSION AND CONTENTS OF APPLICA-*  
15          *TION.—*

16          *“(A) IN GENERAL.—For each fiscal year for*  
17          *which a State desires a grant payment under*  
18          *paragraph (3), the State agency with jurisdic-*  
19          *tion over higher education, or another agency*  
20          *designated by the Governor of the State to ad-*  
21          *minister the program under this subsection, shall*  
22          *submit an application to the Secretary at such*  
23          *time, in such manner, and containing the infor-*  
24          *mation described in subparagraph (B).*

1           “(B) *APPLICATION.*—*An application sub-*  
2           *mitted under subparagraph (A) shall include the*  
3           *following:*

4                     “(i) *A description of the State’s capac-*  
5                     *ity to administer the grant under this sub-*  
6                     *section and report annually to the Secretary*  
7                     *on the activities and services described in*  
8                     *paragraph (7).*

9                     “(ii) *A description of the State’s plan*  
10                    *for using the grant funds to meet the re-*  
11                    *quirements of paragraphs (7) and (8), in-*  
12                    *cluding plans for how the State will make*  
13                    *special efforts to provide such benefits to*  
14                    *students in the State that are underrep-*  
15                    *resented in postsecondary education.*

16                    “(iii) *A description of how the State*  
17                    *will provide or coordinate the non-Federal*  
18                    *share from State and private funds, if ap-*  
19                    *plicable.*

20                    “(iv) *A description of the existing*  
21                    *structure that the State has in place to ad-*  
22                    *minister the activities and services under*  
23                    *paragraph (7) or the plan to develop such*  
24                    *administrative capacity.*

1           “(6) *PAYMENT TO ELIGIBLE NONPROFIT ORGANI-*  
2           *ZATIONS.—A State receiving a payment under this*  
3           *subsection may elect to make a payment to 1 or more*  
4           *eligible nonprofit organizations, including an eligible*  
5           *not-for-profit holder (as defined in section 438(p)), or*  
6           *a partnership of such organizations, in the State in*  
7           *order to carry out activities or services described in*  
8           *paragraph (7), if the eligible nonprofit organization*  
9           *or partnership—*

10                   “(A) *was in existence on the day before the*  
11                   *date of enactment of the Higher Education Ac-*  
12                   *cess Act of 2007; and*

13                   “(B) *as of the day of such payment, is par-*  
14                   *ticipating in activities and services related to in-*  
15                   *creasing access to higher education, such as those*  
16                   *activities and services described in paragraph*  
17                   *(7).*

18           “(7) *ALLOWABLE USES.—*

19                   “(A) *IN GENERAL.—Subject to subpara-*  
20                   *graph (C), a State may use a grant payment*  
21                   *under this subsection only for the following ac-*  
22                   *tivities and services, pursuant to the conditions*  
23                   *under paragraph (8):*

24                           “(i) *Information for students and fam-*  
25                           *ilies regarding—*

1                   “(I) *the benefits of a postsec-*  
2                   *ondary education;*

3                   “(II) *postsecondary education op-*  
4                   *portunities;*

5                   “(III) *planning for postsecondary*  
6                   *education; and*

7                   “(IV) *career preparation.*

8                   “(ii) *Information on financing options*  
9                   *for postsecondary education and activities*  
10                   *that promote financial literacy and debt*  
11                   *management among students and families.*

12                   “(iii) *Outreach activities for students*  
13                   *who may be at risk of not enrolling in or*  
14                   *completing postsecondary education.*

15                   “(iv) *Assistance in completion of the*  
16                   *Free Application for Federal Student Aid*  
17                   *or other common financial reporting form*  
18                   *under section 483(a).*

19                   “(v) *Need-based grant aid for students.*

20                   “(vi) *Professional development for*  
21                   *guidance counselors at middle schools and*  
22                   *secondary schools, and financial aid admin-*  
23                   *istrators and college admissions counselors*  
24                   *at institutions of higher education, to im-*

1           *prove such individuals' capacity to assist*  
2           *students and parents with—*

3                   “(I) *understanding—*

4                           “(aa) *entrance requirements*  
5                           *for admission to institutions of*  
6                           *higher education; and*

7                           “(bb) *State eligibility re-*  
8                           *quirements for Academic Competi-*  
9                           *tiveness Grants or National*  
10                           *SMART Grants under section*  
11                           *401A, and other financial assist-*  
12                           *ance that is dependent upon a*  
13                           *student's coursework;*

14                           “(II) *applying to institutions of*  
15                           *higher education;*

16                           “(III) *applying for Federal stu-*  
17                           *dent financial assistance and other*  
18                           *State, local, and private student finan-*  
19                           *cial assistance and scholarships;*

20                           “(IV) *activities that increase stu-*  
21                           *dents' ability to successfully complete*  
22                           *the coursework required for a postsec-*  
23                           *ondary degree, including activities*  
24                           *such as tutoring or mentoring; and*

1                   “(V) activities to improve sec-  
2                   ondary school students’ preparedness  
3                   for postsecondary entrance examina-  
4                   tions.

5                   “(vii) Student loan cancellation or re-  
6                   payment (as applicable), or interest rate re-  
7                   ductions, for borrowers who are employed in  
8                   a high-need geographical area or a high-  
9                   need profession in the State, as determined  
10                  by the State.

11                  “(B) PROHIBITED USES.—Funds made  
12                  available under this subsection shall not be used  
13                  to promote any lender’s loans.

14                  “(C) USE OF FUNDS FOR ADMINISTRATIVE  
15                  PURPOSES.—A State may use not more than 2  
16                  percent of the total amount of the Federal share  
17                  and non-Federal share provided under this sub-  
18                  section for administrative purposes relating to  
19                  the grant under this subsection.

20                  “(8) SPECIAL CONDITIONS.—

21                  “(A) AVAILABILITY TO STUDENTS AND FAM-  
22                  ILIES.—A State receiving a grant payment  
23                  under this subsection shall—

24                         “(i) make the activities and services  
25                         described in clauses (i) through (vi) of para-

1           *graph (7)(A) that are funded under the*  
2           *payment available to all qualifying students*  
3           *and families in the State;*

4           “(i) allow students and families to  
5           participate in the activities and services  
6           without regard to—

7                   “(I) the postsecondary institution  
8                   in which the student enrolls;

9                   “(II) the type of student loan the  
10                  student receives;

11                  “(III) the servicer of such loan; or

12                  “(IV) the student’s academic per-  
13                  formance;

14           “(iii) not charge any student or parent  
15           a fee or additional charge to participate in  
16           the activities or services; and

17           “(iv) in the case of an activity pro-  
18           viding grant aid, not require a student to  
19           meet any condition other than eligibility for  
20           Federal financial assistance under this title,  
21           except as provided for in the loan cancella-  
22           tion or repayment or interest rate reduc-  
23           tions described in paragraph (7)(A)(vii).

24           “(B) *PRIORITY.*—A State receiving a grant  
25           payment under this subsection shall, in carrying

1           *out any activity or service described in para-*  
2           *graph (7)(A) with the grant funds, prioritize stu-*  
3           *dents and families who are living below the pov-*  
4           *erty line applicable to the individual’s family*  
5           *size (as determined under section 673(2) of the*  
6           *Community Service Block Grant Act).*

7           “(C) *DISCLOSURES.*—

8           “(i) *ORGANIZATIONAL DISCLOSURES.*—

9           *In the case of a State that has chosen to*  
10          *make a payment to an eligible not-for-profit*  
11          *holder in the State in accordance with*  
12          *paragraph (6), the holder shall clearly and*  
13          *prominently indicate the name of the holder*  
14          *and the nature of its work in connection*  
15          *with any of the activities carried out, or*  
16          *any information or services provided, with*  
17          *such funds.*

18          “(ii) *INFORMATIONAL DISCLOSURES.*—

19          *Any information about financing options*  
20          *for higher education provided through an*  
21          *activity or service funded under this sub-*  
22          *section shall—*

23                 “(I) *include information to stu-*  
24                 *dents and the students’ parents of the*  
25                 *availability of Federal, State, local, in-*

1                    *stitutional, and other grants and loans*  
2                    *for postsecondary education; and*

3                    *“(II) present information on fi-*  
4                    *nancial assistance for postsecondary*  
5                    *education that is not provided under*  
6                    *this title in a manner that is clearly*  
7                    *distinct from information on student*  
8                    *financial assistance under this title.*

9                    *“(D) COORDINATION.—A State receiving a*  
10                  *grant payment under this subsection shall at-*  
11                  *tempt to coordinate the activities carried out*  
12                  *with the payment with any existing activities*  
13                  *that are similar to such activities, and with any*  
14                  *other entities that support the existing activities*  
15                  *in the State.*

16                  *“(9) REPORT.—A State receiving a payment*  
17                  *under this subsection shall prepare and submit an*  
18                  *annual report to the Secretary on the program under*  
19                  *this subsection and on the implementation of the ac-*  
20                  *tivities and services described in paragraph (7). The*  
21                  *report shall include—*

22                  *“(A) each activity or service that was pro-*  
23                  *vided to students and families over the course of*  
24                  *the year;*

1           “(B) the cost of providing each activity or  
2           service;

3           “(C) the number, and percentage, if feasible  
4           and applicable, of students who received each ac-  
5           tivity or service; and

6           “(D) the total contributions from private  
7           organizations included in the State’s non-Fed-  
8           eral share for the fiscal year.

9           “(10) SUNSET.—The authority provided to carry  
10          out this subsection shall expire on September 30,  
11          2009.

12          “(d) FINANCIAL LITERACY PROGRAM ESTABLISHED.—

13           “(1) DEFINITION OF ELIGIBLE ENTITY.—In this  
14          subsection, the term ‘eligible entity’ means a non-  
15          profit or for-profit organization, or a consortium of  
16          such organizations, with a demonstrated record of ef-  
17          fectiveness in providing financial literacy services to  
18          students at the secondary and postsecondary level.

19           “(2) PROGRAM ESTABLISHED.—From amounts  
20          appropriated under paragraph (6), the Secretary  
21          shall award grants to eligible entities to enable the el-  
22          igible entities to increase the financial literacy of stu-  
23          dents who are enrolled or will enroll in an institution  
24          of higher education, including providing instruction  
25          to students on topics such as the understanding of

1     *loan terms and conditions, the calculation of interest*  
2     *rates, refinancing of debt, debt management, and fu-*  
3     *ture savings for education, health care and long-term*  
4     *care, and retirement.*

5             “(3) *GRANT PERIOD; RENEWABILITY.*—*Each*  
6     *grant under this subsection shall be awarded for one*  
7     *5-year period, and may not be renewed.*

8             “(4) *MATCHING REQUIREMENTS.*—*Each eligible*  
9     *entity that receives a grant under this subsection shall*  
10    *provide, from non-Federal sources, an amount (which*  
11    *may be provided in cash or in kind) to carry out the*  
12    *activities supported by the grant equal to 100 percent*  
13    *of the amount received under the grant.*

14            “(5) *APPLICATIONS.*—*An eligible entity desiring*  
15    *a grant under this subsection shall submit an appli-*  
16    *cation to the Secretary at such time, in such manner,*  
17    *and containing such information as the Secretary*  
18    *may reasonably require. Such application shall in-*  
19    *clude the following:*

20            “(A) *A detailed description of the eligible*  
21    *entity’s plans for providing financial literacy*  
22    *activities and the students and schools the grant*  
23    *will target.*

24            “(B) *The eligible entity’s plan for using the*  
25    *matching grant funds, including how the funds*

1           *will be used to provide financial literacy pro-*  
2           *grams to students.*

3           “(C) *A plan to ensure the viability of the*  
4           *work of the eligible entity beyond the grant pe-*  
5           *riod.*

6           “(D) *A detailed description of the activities*  
7           *that carry out this subsection and that are con-*  
8           *ducted by the eligible entity at the time of the*  
9           *application, and how the matching grant funds*  
10          *will assist the eligible entity with expanding and*  
11          *enhancing such activities.*

12          “(E) *A description of the strategies that will*  
13          *be used to target activities under the grant to*  
14          *students in secondary school and enrolled in in-*  
15          *stitutions of higher education who are histori-*  
16          *cally underrepresented in institutions of higher*  
17          *education and who may benefit from the activi-*  
18          *ties of the eligible entity.*

19          “(6) *AUTHORIZATION AND APPROPRIATIONS.—*  
20          *There are authorized to be appropriated, and there*  
21          *are appropriated, \$10,000,000 for each of the fiscal*  
22          *years 2008 and 2009 to carry out this subsection.*

23          “(e) *SECONDARY SCHOOL GRADUATION AND COLLEGE*  
24          *ENROLLMENT PROGRAM.—*

25          “(1) *DEFINITIONS.—In this subsection:*

1                   “(A) *ELIGIBLE LOCAL EDUCATIONAL AGEN-*  
2                   *CY.—*

3                   “(i) *IN GENERAL.—The term ‘eligible*  
4                   *local educational agency’ means a local edu-*  
5                   *cational agency with a secondary school*  
6                   *graduation rate of 70 percent or less—*

7                   “(I) *in the aggregate; or*

8                   “(II) *applicable to 2 or more sub-*  
9                   *groups of secondary school students*  
10                   *served by the local educational agency*  
11                   *that are described in clause (i).*

12                   “(ii) *SUBGROUPS.—A subgroup re-*  
13                   *ferred to in clause (i)(II) is—*

14                   “(I) *a subgroup of economically*  
15                   *disadvantaged students; or*

16                   “(II) *a subgroup of students from*  
17                   *a major racial or ethnic group.*

18                   “(B) *ELIGIBLE ENTITY.—The term ‘eligible*  
19                   *entity’ means a consortium of a nonprofit orga-*  
20                   *nization and an institution of higher education*  
21                   *with a demonstrated record of effectiveness in*  
22                   *raising secondary school graduation rates and*  
23                   *postsecondary enrollment rates.*

24                   “(2) *PROGRAM ESTABLISHED.—From amounts*  
25                   *appropriated under paragraph (7), the Secretary*

1     *shall award grants to eligible entities to enable the el-*  
2     *igible entities to carry out activities that—*

3             *“(A) create models of excellence for academi-*  
4             *cally rigorous secondary schools, including early*  
5             *college secondary schools;*

6             *“(B) increase secondary school graduation*  
7             *rates;*

8             *“(C) raise the rate of students who enroll in*  
9             *an institution of higher education;*

10            *“(D) improve instruction and access to sup-*  
11            *ports for struggling secondary school students;*

12            *“(E) create, implement, and utilize early*  
13            *warning systems to help identify students at risk*  
14            *of dropping out of secondary school; and*

15            *“(F) improve communication between par-*  
16            *ents, students, and schools concerning require-*  
17            *ments for secondary school graduation, postsec-*  
18            *ondary education enrollment, and financial as-*  
19            *sistance available for attending postsecondary*  
20            *education.*

21            *“(3) USE OF FUNDS.—An eligible entity that re-*  
22            *ceives a grant under this subsection shall use the*  
23            *funds—*

24            *“(A) to implement a college-preparatory*  
25            *curriculum for all students in a secondary school*

1        *served by the eligible local educational agency*  
2        *that is, at a minimum, aligned with a rigorous*  
3        *secondary school program of study;*

4            *“(B) to implement accelerated academic*  
5        *catch-up programs, for students who enter sec-*  
6        *ondary school not meeting the proficient levels of*  
7        *student academic achievement on the State aca-*  
8        *ademic assessments for mathematics, reading or*  
9        *language arts, or science under section*  
10       *1111(b)(3) of the Elementary and Secondary*  
11       *Education Act of 1965, that enable such students*  
12       *to meet the proficient levels of achievement and*  
13       *remain on track to graduate from secondary*  
14       *school on time with a regular secondary school*  
15       *diploma;*

16           *“(C) to implement an early warning system*  
17        *to quickly identify students at risk of dropping*  
18        *out of secondary school, including systems that*  
19        *track student absenteeism; and*

20           *“(D) to implement a comprehensive postsec-*  
21        *ondary education guidance program that—*

22                *“(i) will ensure that all students are*  
23                *regularly notified throughout the students’*  
24                *time in secondary school of secondary school*

1           *graduation requirements and postsecondary*  
2           *education entrance requirements; and*

3                   “(ii) *provides guidance and assistance*  
4           *to students in applying to an institution of*  
5           *higher education and in applying for Fed-*  
6           *eral financial assistance and other State,*  
7           *local, and private financial assistance and*  
8           *scholarships.*

9                   “(4) *GRANT PERIOD; RENEWABILITY.—Each*  
10          *grant under this subsection shall be awarded for one*  
11          *5-year period, and may not be renewed.*

12                   “(5) *MATCHING REQUIREMENTS.—Each eligible*  
13          *entity that receives a grant under this subsection shall*  
14          *provide, from non-Federal sources, an amount (which*  
15          *may be provided in cash or in-kind) to carry out the*  
16          *activities supported by the grant equal to 100 percent*  
17          *of the amount received under the grant.*

18                   “(6) *APPLICATIONS.—An eligible entity desiring*  
19          *a grant under this subsection shall submit an appli-*  
20          *cation to the Secretary at such time, in such manner,*  
21          *and containing such information as the Secretary*  
22          *may reasonably require.*

23                   “(7) *AUTHORIZATION AND APPROPRIATIONS.—*  
24          *There are authorized to be appropriated, and there*

1        *are appropriated, \$25,000,000 for each of the fiscal*  
2        *years 2008 and 2009 to carry out this subsection.”.*

3        **SEC. 702. INNOCENT CHILD PROTECTION.**

4        *(a) IN GENERAL.—It shall be unlawful for any author-*  
5        *ity, military or civil, of the United States, a State, or any*  
6        *district, possession, commonwealth or other territory under*  
7        *the authority of the United States, to carry out a sentence*  
8        *of death on a woman while she carries a child in utero.*

9        *(b) DEFINITION.—In this section, the term “child in*  
10       *utero” means a member of the species homo sapiens, at any*  
11       *stage of development, who is carried in the womb.*

12       **TITLE VIII—OTHER MATTERS**

13       **SEC. 801. SENSE OF SENATE ON THE DETAINEES AT GUAN-**  
14       **TANAMO BAY, CUBA.**

15       *(a) FINDINGS.—The Senate makes the following find-*  
16       *ings:*

17                *(1) During the War on Terror, senior members*  
18        *of al Qaeda have been captured by the United States*  
19        *military and intelligence personnel and their allies.*

20                *(2) Many such senior members of al Qaeda have*  
21        *since been transferred to the detention facility at*  
22        *Guantanamo Bay, Cuba.*

23                *(3) These senior al Qaeda members detained at*  
24        *Guantanamo Bay include Khalid Sheikh Mohammed,*  
25        *who was the mastermind behind the terrorist attacks*

1     *of September 11, 2001, which killed approximately*  
2     *3,000 innocent people.*

3             *(4) These senior al Qaeda members detained at*  
4     *Guantanamo Bay also include Majid Khan, who was*  
5     *tasked to develop plans to poison water reservoirs in-*  
6     *side the United States, was responsible for conducting*  
7     *a study on the feasibility of a potential gas station*  
8     *bombing campaign inside the United States, and was*  
9     *integral in recommending Iyman Farris, who plotted*  
10    *to destroy the Brooklyn Bridge, to be an operative for*  
11    *al Qaeda inside the United States.*

12            *(5) These senior al Qaeda members detained at*  
13    *Guantanamo Bay also include Abd al-Rahim al-*  
14    *Nashiri, who was an al Qaeda operations chief for the*  
15    *Arabian Peninsula and who, at the request of Osama*  
16    *bin Laden, orchestrated the attack on the U.S.S. Cole,*  
17    *which killed 17 United States sailors.*

18            *(6) These senior al Qaeda members detained at*  
19    *Guantanamo Bay also include Ahmed Khalfan*  
20    *Ghailani, who played a major role in the East Afri-*  
21    *can Embassy Bombings, which killed more than 250*  
22    *people.*

23            *(7) The Department of Defense has estimated*  
24    *that of the approximately 415 detainees who have*  
25    *been released or transferred from the detention facility*

1     *at Guantanamo Bay, at least 29 have subsequently*  
2     *taken up arms against the United States and its al-*  
3     *lies.*

4             (8) *Osama bin Laden, the leader of al Qaeda,*  
5     *said in his 1998 fatwa against the United States,*  
6     *that “[t]he ruling to kill the Americans and their al-*  
7     *lies—civilians and military—is an individual duty*  
8     *for every Muslim who can do it in any country in*  
9     *which it is possible to do it”.*

10            (9) *In the same fatwa, bin Laden said, “[w]e—*  
11     *with God’s help—call on every Muslim who believes*  
12     *in God and wishes to be rewarded to comply with*  
13     *God’s order to kill the Americans and plunder their*  
14     *money wherever and whenever they find it”.*

15            (10) *It is safer for American citizens if captured*  
16     *members of al Qaeda and other terrorist organiza-*  
17     *tions are not housed on American soil where they*  
18     *could more easily carry out their mission to kill inno-*  
19     *cent civilians.*

20            (b) *SENSE OF SENATE.—It is the sense of the Senate*  
21     *that detainees housed at Guantanamo Bay, Cuba, including*  
22     *senior members of al Qaeda, should not be released into*

- 1 *American society, nor should they be transferred stateside*
- 2 *into facilities in American communities and neighborhoods.*

Attest:

*Secretary.*

110<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 2669**

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**AMENDMENT**