

110TH CONGRESS
1ST SESSION

H. R. 3378

To establish a demonstration loan program for nontraditional students.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 3, 2007

Mr. BAIRD introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To establish a demonstration loan program for nontraditional students.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “College Affordability
5 for Working Students Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) Approximately 2,660,000 students attend
9 institutions on a less than half-time basis.

1 (2) The average age of college students has
2 risen and enrollment among older students is rising
3 faster than among those in their late teens.

4 (3) Less than half-time enrollment allows stu-
5 dents to balance the demands of school, work, and
6 family.

7 (4) Only approximately 30 percent of American
8 workers today have a college degree, but more Amer-
9 icans are recognizing how important it is to earn a
10 degree or acquire new skills.

11 (5) Job security and success in a global econ-
12 omy requires training and education beyond high
13 school.

14 (6) Students who attend school less than half-
15 time are not eligible for Federal subsidized student
16 loans, the largest source of Federal student financial
17 aid.

18 (7) A range of financial options exist for less
19 than half-time students, yet these options are limited
20 and poorly utilized.

21 **SEC. 3. DEMONSTRATION LOAN PROGRAM AUTHORIZED.**

22 Part G of title IV of the Higher Education Act of
23 1965 is amended by inserting after section 486 (20 U.S.C.
24 1093) the following new section:

1 **“SEC. 496A. DEMONSTRATION LOAN PROGRAM AUTHOR-**
2 **IZED.**

3 “(a) PROGRAM AUTHORITY.—From the amounts
4 made available by subsection (g), the Secretary is author-
5 ized to carry out a program of providing guaranteed and
6 direct loans to less-than-half-time students for not more
7 than 6 terms, semesters, or substantially equivalent peri-
8 ods of enrollment over the duration of the students’ course
9 of study in accordance with the requirements of this sec-
10 tion. Except as otherwise provided in this section—

11 “(1) all terms and conditions for Federal Staf-
12 ford loans established under section 428 shall apply
13 to guaranteed loans made pursuant to this section;
14 and

15 “(2) all terms and conditions for Federal Direct
16 Stafford loans established under part D shall apply
17 to direct loans made pursuant to this section.

18 “(b) PARTICIPATION AGREEMENTS.—

19 “(1) AGREEMENTS.—The Secretary shall enter
20 into participation agreements under this section with
21 any eligible institution or eligible lender (as such
22 terms are defined in section 435) that submits to
23 the Secretary a request for participation and that
24 the Secretary selects for participation in the guaran-
25 teed loan or direct loan program (or both) under
26 this section. The Secretary may enter into such

1 agreements with consortia of such institutions or
2 lenders, or consortia of both institutions and lenders.

3 “(2) SELECTION FOR PARTICIPATION.—The
4 Secretary is authorized to select for participation in
5 the program not more than an aggregate of 100 in-
6 stitutions of higher education or consortia of institu-
7 tions of higher education.

8 “(3) TERMS AND CONDITIONS OF AGREE-
9 MENTS.—Such agreements shall contain such terms
10 and conditions as the Secretary shall require and
11 shall—

12 “(A) in the case of agreements with eligi-
13 ble institutions, provide that the institution
14 will—

15 “(i) identify eligible part-time stu-
16 dents who seek student financial assistance
17 at such institution; and

18 “(ii) determine the amount of eligible
19 education expenses of such students; and

20 “(B) in the case of agreements with both
21 eligible institutions and eligible lenders—

22 “(i) provide assurances that the lend-
23 er or the institution (as applicable) will
24 comply with requirements established by
25 the Secretary relating to student loan in-

1 formation with respect to loans made
2 under this section;

3 “(ii) provide that the lender or the in-
4 stitution (as applicable) accepts responsi-
5 bility and financial liability stemming from
6 its failure to perform its functions pursu-
7 ant to the agreement; and

8 “(iii) include such other provisions as
9 the Secretary determines are necessary to
10 protect the interests of the United States
11 and to promote the purposes of this sec-
12 tion.

13 “(4) WITHDRAWAL AND TERMINATION PROCE-
14 DURES.—The Secretary shall establish procedures by
15 which institutions or lenders may withdraw or be
16 terminated from the program under this section.

17 “(c) SPECIAL LOAN TERMS AND CONDITIONS.—A
18 loan under this section—

19 “(1) shall be repaid in accordance with a repay-
20 ment plan selected by the borrower commencing 6
21 months after the date the borrower ceases to be en-
22 rolled;

23 “(2) be subject to deferral of repayment during
24 any period of enrollment in which the borrower is
25 enrolled as student, even if less-than-half-time; and

1 “(3) during any such deferment—

2 “(A) shall not be subject to periodic in-
3 stallments of principal; and

4 “(B) interest—

5 “(i) in the case of a loan made by an
6 eligible lender, shall be paid by the Sec-
7 retary; and

8 “(ii) in the case of a loan made by the
9 Secretary, shall not accrue.

10 “(d) WAIVERS.—The Secretary is authorized to
11 waive, for any institution of higher education participating
12 in the program under this section, the requirements of sec-
13 tion 472 that relate to limiting the definition of the cost
14 of attendance for less-than-half-time students, especially
15 paragraphs (2) and (4) of such section, with the goal of
16 allowing the institution to use the same definition of the
17 cost of attendance for less than half-time students as is
18 used for students attending at least half-time.

19 “(e) EVALUATIONS AND REPORTS.—

20 “(1) EVALUATIONS.—The Secretary shall evalu-
21 ate the demonstration program authorized under
22 this section on an annual basis. Such evaluations
23 shall review—

24 “(A) the extent to which each institution
25 and lender participating in the demonstration

1 program has met the requirements of the par-
2 ticipation agreement, including program quality
3 assurance;

4 “(B) the number of students participating
5 in the demonstration program, including the
6 progress of participating students towards rec-
7 ognized certificates or degrees and the extent to
8 which persistence or completion increased or de-
9 creased for students in the demonstration pro-
10 gram;

11 “(C) the extent to which persistence or
12 completion increased or decreased for students
13 in the demonstration program as compared to
14 a comparable group of students;

15 “(D) the willingness of lenders to partici-
16 pate and obstacles that discourage participation
17 by lenders; and

18 “(E) the effect that limitations on the
19 number of terms that a less-than-half-time stu-
20 dent may receive these loans has on their
21 course of study.

22 “(2) REPORTS.—Not later than 42 months
23 after the initiation of the program authorized under
24 this section, the Secretary shall report to the Com-
25 mittee on Health, Education, Labor, and Pensions

1 of the Senate and the Committee on Education and
2 Labor of the House of Representatives with respect
3 to—

4 “(A) the evaluations of the demonstration
5 program authorized under this section; and

6 “(B) any proposed statutory changes de-
7 signed to enhance persistence and completion
8 for students.

9 “(f) OVERSIGHT.—In conducting the demonstration
10 program authorized under this section, the Secretary
11 shall, on a continuing basis—

12 “(1) ensure the compliance of institutions and
13 lenders participating in the demonstration program
14 with the requirements of this title (other than the
15 sections and regulations that are waived under this
16 section); and

17 “(2) provide technical assistance.

18 “(g) APPROPRIATION.—There shall be available to
19 the Secretary to carry out this section, from funds not
20 otherwise appropriated, such sums as may be necessary
21 for fiscal year 2008 and each of the 4 succeeding fiscal
22 years.”.

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