

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2669
OFFERED BY MR. GEORGE MILLER OF
CALIFORNIA**

Chairman's Mark

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be referred to as
3 the “College Cost Reduction Act of 2007”.

4 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

Sec. 2. References; effective date.

TITLE I—INVESTING IN STUDENT AID

PART A—INCREASING THE PURCHASING POWER OF PELL GRANTS

Sec. 101. Mandatory Pell Grant Increases.

Sec. 102. Support for working students.

Sec. 103. Simplified needs test and automatic zero improvements.

Sec. 104. Definitions.

PART B—MAKING STUDENT LOANS MORE AFFORDABLE

Sec. 111. Interest rate reductions.

Sec. 112. Increases in loan limits.

Sec. 113. Reduction of lender special allowance payments.

Sec. 114. Elimination of exceptional performer status for lenders.

Sec. 115. Reduction of lender insurance percentage.

Sec. 116. Guaranty agency collection retention.

Sec. 117. Unit costs for account maintenance fees.

Sec. 118. Increased loan fees from lenders.

Sec. 119. Student loan information.

PART C—REWARDING SERVICE IN REPAYMENT

Sec. 141. Loan forgiveness for service in areas of national need.

2

- “Sec. 428K. Loan forgiveness for service in areas of national need.
- Sec. 142. Income contingent repayment for public sector employees.
- Sec. 143. Income-based repayment.
- “Sec. 493C. Income-based repayment.
- Sec. 144. Definition of economic hardship.
- Sec. 145. Deferrals.
- Sec. 146. Maximum repayment period.

TITLE II—REDUCING THE COST OF COLLEGE

- Sec. 201. State commitment to affordable college education.
- “Sec. 132. State commitment to affordable college education.
- Sec. 202. Consumer information and public accountability in higher education.
- “Sec. 131. Consumer information and public accountability in higher education.
- Sec. 203. Incentives and rewards for low tuition.
- “Sec. 401B. Incentives and rewards for low tuition.
- Sec. 204. Cooperative education rewards for institutions that restrain tuition increases.

“TITLE VIII—COOPERATIVE EDUCATION REWARDS FOR
INSTITUTIONS THAT RESTRAIN TUITION INCREASES

- “Sec. 801. Definition of cooperative education.
- “Sec. 802. Authorization of appropriations; reservations.
- “Sec. 803. Grants for cooperative education.
- “Sec. 804. Demonstration and innovation projects; training and resource centers; and research.

TITLE III—ENSURING A HIGHLY QUALIFIED TEACHER IN EVERY
CLASSROOM

PART A—TEACH GRANTS

- Sec. 301. TEACH Grants.

“SUBPART 9—TEACH GRANTS

- “Sec. 420L. Program established.
- “Sec. 420M. Eligibility; applications; selection.
- “Sec. 420N. Definitions.
- “Sec. 420O. Program period and funding.

PART B—CENTERS OF EXCELLENCE

- Sec. 311. Centers of excellence.

“PART C—CENTERS OF EXCELLENCE

- “Sec. 231. Definitions.
- “Sec. 232. Centers of excellence.
- “Sec. 233. Appropriations.

TITLE IV—LEVERAGING FUNDS TO INCREASE COLLEGE ACCESS

PART A—STRENGTHENING HISTORICALLY BLACK COLLEGES AND
UNIVERSITIES AND OTHER MINORITY-SERVING INSTITUTIONS

Sec. 401. Investment in Historically Black Colleges and Universities and Other Minority-Serving Institution.

“PART I—STRENGTHENING HISTORICALLY BLACK COLLEGES AND
UNIVERSITIES AND OTHER MINORITY-SERVING INSTITUTIONS

“Sec. 499A. Investment in Historically Black Colleges and Universities and Other Minority-Serving Institution.

PART B—COLLEGE ACCESS CHALLENGE GRANTS

Sec. 411. College Access Challenge grants.

1 **SEC. 2. REFERENCES; EFFECTIVE DATE.**

2 (a) REFERENCES.—Except as otherwise expressly
3 provided, whenever in this Act an amendment or repeal
4 is expressed in terms of an amendment to, or repeal of,
5 a section or other provision, the reference shall be consid-
6 ered to be made to a section or other provision of the
7 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

8 (b) EFFECTIVE DATE.—Except as otherwise ex-
9 pressly provided therein, the amendments made by this
10 Act shall be effective on October 1, 2007.

11 **TITLE I—INVESTING IN**
12 **STUDENT AID**

13 **PART A—INCREASING THE PURCHASING POWER**
14 **OF PELL GRANTS**

15 **SEC. 101. MANDATORY PELL GRANT INCREASES.**

16 (a) EXTENSION OF AUTHORITY.—Section 401(a) (20
17 U.S.C. 1070a(a)) is amended by striking “fiscal year
18 2004” and inserting “fiscal year 2013”.

1 (b) FUNDING FOR INCREASES.—Section 401(b) (20
2 U.S.C. 1070a(b)) is amended by adding at the end the
3 following new paragraph:

4 “(9) ADDITIONAL FUNDS.—

5 “(A) IN GENERAL.—There are authorized
6 to be appropriated, and there are appropriated,
7 to carry out subparagraph (B) of this para-
8 graph (in addition to any other amounts appro-
9 priated to carry out this section and out of any
10 money in the Treasury not otherwise appro-
11 priated) the following amounts:

12 “(i) \$420,000,000 for fiscal year
13 2008;

14 “(ii) \$870,000,000 for fiscal year
15 2009;

16 “(iii) \$1,340,000,000 for fiscal year
17 2010;

18 “(iv) \$1,830,000,000 for fiscal year
19 2011;

20 “(v) \$2,350,000,000 for fiscal year
21 2012;

22 “(vi) \$2,400,000,000 for fiscal year
23 2013;

24 “(vii) \$2,450,000,000 for fiscal year
25 2014;

1 “(viii) \$2,510,000,000 for fiscal year
2 2015;

3 “(ix) \$2,550,000,000 for fiscal year
4 2016; and

5 “(x) \$2,570,000,000 for fiscal year
6 2017.

7 “(B) INCREASE IN FEDERAL PELL
8 GRANTS.—The amounts made available pursu-
9 ant to subparagraph (A) of this paragraph shall
10 be used to increase the amount of the maximum
11 Pell Grant for which a student shall be eligible
12 during an award year, as specified in the last
13 enacted appropriation Act applicable to that
14 award year, by—

15 “(i) \$100 for award year 2008–2009;

16 “(ii) \$200 for award year 2009–2010;

17 “(iii) \$300 for award year 2010–
18 2011;

19 “(iv) \$400 for award year 2011–2012;

20 and

21 “(v) \$500 for award year 2012–2013

22 and each subsequent award year.

23 “(C) USE OF FISCAL YEAR FUNDS FOR
24 AWARD YEARS.—The amounts made available
25 by subparagraph (A) for any fiscal year shall be

1 available and remain available for use under
2 subparagraph (B) for the award year that be-
3 gins in such fiscal year.”.

4 (c) AUTHORIZED MAXIMUMS.—Section 401(b)(2)(A)
5 (20 U.S.C. 1070a(b)(2)(A)) is amended to read as follows:

6 “(2)(A) The amount of the Federal Pell Grant
7 for a student eligible under this part shall be—

8 “(i) \$7,600 for academic year 2008–2009;

9 “(ii) \$8,600 for academic year 2009–2010;

10 “(iii) \$9,600 for academic year 2010–
11 2011;

12 “(iv) \$10,600 for academic year 2011–
13 2012;

14 “(v) \$11,600 for academic year 2012–
15 2013,

16 less an amount equal to the amount determined
17 to be the expected family contribution with re-
18 spect to that student for that year.”.

19 (d) TUITION SENSITIVITY.—

20 (1) AMENDMENT.—Section 401(b) (20 U.S.C.
21 1070a(b)) is further amended—

22 (A) by striking paragraph (3); and

23 (B) by redesignating paragraphs (4)
24 through (9) as paragraphs (3) through (8), re-
25 spectively.

1 (2) EFFECTIVE DATE.—The amendments made
2 by paragraph (1) of this subsection are effective on
3 the date of enactment of this Act.

4 (e) MULTIPLE GRANTS.—

5 (1) AMENDMENT.—Paragraph (5) of section
6 401(b) (as redesignated by subsection (d)(2)) is
7 amended to read as follows:

8 “(5) YEAR-ROUND PELL GRANTS.—The Sec-
9 retary is authorized, for students enrolled full time
10 in a baccalaureate or associate’s degree program of
11 study at an eligible institution, to award such stu-
12 dents not more than two Pell grants during an
13 award year to permit such students to accelerate
14 progress toward their degree objectives by enrolling
15 in courses for more than 2 semesters, or 3 quarters,
16 or the equivalent, in a given academic year.”.

17 (2) EFFECTIVE DATE.—The amendment made
18 by paragraph (1) shall be effective July 1, 2009.

19 (f) ACADEMIC COMPETITIVENESS GRANTS.—Section
20 401A (as amended by section 8003 of Public Law 109–
21 171) is amended—

22 (1) in subsection (c)(3)(A)(ii), by inserting “,
23 except as part of a secondary school program of
24 study” before the semicolon;

1 (2) by redesignating subsection (g) as sub-
2 section (h); and

3 (3) by inserting after subsection (f) the fol-
4 lowing new subsection:

5 “(g) DETERMINATION OF ACADEMIC YEAR.—Not-
6 withstanding section 481(a)(2), for the purpose of deter-
7 mining eligibility for a grant under this section, a student
8 shall be considered to be enrolled or accepted for enroll-
9 ment in the first, second, third, or fourth academic year
10 of a program of undergraduate education based on the
11 student’s class standing, as determined by the institution
12 of higher education at which the student is enrolled or ac-
13 cepted for enrollment.”.

14 **SEC. 102. SUPPORT FOR WORKING STUDENTS.**

15 (a) DEPENDENT STUDENTS.—Subparagraph (D) of
16 section 475(g)(2) (20 U.S.C. 1087oo)(g)(2)(D)) is amend-
17 ed to read as follows:

18 “(D) an income protection allowance of the
19 following amount (or a successor amount pre-
20 scribed by the Secretary under section 478)—

21 “(i) for the 2009–2010 academic year,
22 \$3,750;

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

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

3 “(iv) for the 2012–2013 academic
4 year, \$6,000;”.

5 (b) INDEPENDENT STUDENTS WITHOUT DEPEND-
6 ENTS OTHER THAN A SPOUSE.—Clause (iv) of section
7 476(b)(1)(A) (20 U.S.C. 1087pp(b)(1)(A)(iv)) is amended
8 to read as follows:

9 “(iv) an income protection allowance
10 of the following amount (or a successor
11 amount prescribed by the Secretary under
12 section 478)—

13 “(I) for single or separated stu-
14 dents, or married students where both
15 are enrolled pursuant to subsection
16 (a)(2)—

17 “(aa) for the 2009–2010
18 academic year, \$6,690;

19 “(bb) for the 2010–2011
20 academic year, \$7,160;

21 “(cc) for the 2011–2012
22 academic year, \$7,630; and

23 “(dd) for the 2012–2013
24 academic year, \$8,090; and

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

4 “(aa) for the 2009–2010
5 academic year, \$10,720;

6 “(bb) for the 2010–2011
7 academic year, \$11,470;

8 “(cc) for the 2011–2012
9 academic year, \$12,220; and

10 “(dd) for the 2012–2013
11 academic year, \$12,960;”.

12 (c) UPDATED TABLES AND AMOUNTS.—Section
13 478(b) (20 U.S.C. 1087rr(b)) is amended—

14 (1) in paragraph (1)—

15 (A) by striking “REVISED TABLES.—For
16 each” and inserting “REVISED TABLES.—

17 “(A) IN GENERAL.—For each”;

18 (B) in subparagraph (A) (as designated by
19 subparagraph (A)), in the third sentence—

20 (i) by striking “preceding sentence”
21 and inserting “subparagraph (A)”; and

22 (ii) by striking “For the 2007–2008”
23 and inserting the following:

24 “(B) SPECIAL RULE FOR 2007–2008 ACA-
25 DEMIC YEAR.—For the 2007–2008”; and

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

2 “(C) SPECIAL RULE FOR 2009–2010
3 THROUGH 2012–2013 ACADEMIC YEARS.—For
4 the 2009–2010 academic year, and for each of
5 the 3 succeeding academic years, the Secretary
6 shall revise the tables in accordance with this
7 paragraph, except that, for the table in section
8 477(b)(4), the Secretary shall revise such table
9 by increasing the amounts contained in such
10 table for the preceding academic year by 10
11 percent.”; and

12 (2) in paragraph (2), by striking “shall be de-
13 veloped” and all that follows through the period at
14 the end and inserting “shall be developed—

15 “(A) for academic year 2008–2009, by in-
16 creasing each of the dollar amounts contained
17 in such section as such section was in effect on
18 the day before the date of enactment of the Col-
19 lege Cost Reduction Act of 2007 by a percent-
20 age equal to the estimated percentage increase
21 in the Consumer Price Index (as determined by
22 the Secretary) between December 2006 and the
23 December next preceding the beginning of such
24 academic year, and rounding the result to the
25 nearest \$10; and

1 (iii) by inserting after subclause (II)

2 the following:

3 “(III) 1 of whom is a dislocated

4 worker; or”; and

5 (iv) in subclause (IV) (as redesignated

6 by clause (ii)), by striking “12-month” and

7 inserting “24-month”; and

8 (B) in subparagraph (B)(i)—

9 (i) in subclause (II), by striking “or”

10 after the semicolon;

11 (ii) by redesignating subclause (III) as

12 subclause (IV);

13 (iii) by inserting after subclause (II)

14 the following:

15 “(III) 1 of whom is a dislocated

16 worker; or”; and

17 (iv) in subclause (IV) (as redesignated

18 by clause (ii)), by striking “12-month” and

19 inserting “24-month”;

20 (2) in subsection (c)—

21 (A) in paragraph (1)—

22 (i) in subparagraph (A)—

23 (I) in clause (ii), by striking “or”

24 after the semicolon;

14

1 (II) by redesignating clause (iii)
2 as clause (iv);

3 (III) by inserting after clause (ii)
4 the following:

5 “(iii) 1 of whom is a dislocated work-
6 er; or”; and

7 (IV) in clause (iv) (as redesign-
8 ated by subclause (II)), by striking
9 “12-month” and inserting “24-
10 month”; and

11 (ii) in subparagraph (B), by striking
12 “\$20,000” and inserting “\$30,000”; and
13 (B) in paragraph (2)—

14 (i) in subparagraph (A)—

15 (I) in clause (ii), by striking “or”
16 after the semicolon;

17 (II) by redesignating clause (iii)
18 as clause (iv);

19 (III) by inserting after clause (ii)
20 the following:

21 “(iii) is a dislocated worker; or”; and

22 (IV) in clause (iv) (as redesign-
23 ated by subclause (II)), by striking
24 “12-month” and inserting “24-
25 month”; and

1 (ii) in subparagraph (B), by striking
2 “\$20,000” and inserting “\$30,000”; and

3 (C) in the flush matter following para-
4 graph (2)(B), by adding at the end the fol-
5 lowing: “The Secretary shall annually adjust
6 the income level necessary to qualify an appli-
7 cant for the zero expected family contribution.
8 The income level shall be adjusted according to
9 increases in the Consumer Price Index, as de-
10 fined in section 478(f).”; and

11 (3) in subsection (d)—

12 (A) by redesignating paragraphs (1)
13 through (6) as subparagraphs (A) through (F),
14 respectively;

15 (B) by striking “(d) DEFINITION” and all
16 that follows through “the term” and inserting
17 the following:

18 “(d) DEFINITIONS.—In this section:

19 “(1) DISLOCATED WORKER.—The term ‘dis-
20 located worker’ has the meaning given the term in
21 section 101 of the Workforce Investment Act of
22 1998 (29 U.S.C. 2801).

23 “(2) MEANS-TESTED FEDERAL BENEFIT PRO-
24 GRAM.—The term”.

1 (b) DISCRETION OF STUDENT FINANCIAL AID AD-
2 MINISTRATORS.—Section 479A(a) (20 U.S.C. 1087tt(a))
3 is amended in the third sentence by inserting “a family
4 member who is a dislocated worker (as defined in section
5 101 of the Workforce Investment Act of 1998 (29 U.S.C.
6 2801)),” after “recent unemployment of a family mem-
7 ber,”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall be effective on July 1, 2009.

10 **SEC. 104. DEFINITIONS.**

11 (a) TOTAL INCOME.—Section 480(a)(2) (20 U.S.C.
12 1087vv(a)(2)) is amended—

13 (1) by striking “and no portion” and inserting
14 “no portion”; and

15 (2) by inserting “and no distribution from any
16 qualified education benefit described in subsection
17 (f)(3) that is not subject to Federal income tax,”
18 after “1986,”.

19 (b) UNTAXED INCOME AND BENEFITS.—Section
20 480(b) (20 U.S.C. 1087vv(b)) is amended to read as fol-
21 lows:

22 “(b) UNTAXED INCOME AND BENEFITS.—

23 “(1) The term ‘untaxed income and benefits’
24 means—

25 “(A) child support received;

1 “(B) workman’s compensation;

2 “(C) veteran’s benefits such as death pen-
3 sion, dependency, and indemnity compensation,
4 but excluding veterans’ education benefits as
5 defined in subsection (c);

6 “(D) interest on tax-free bonds;

7 “(E) housing, food, and other allowances
8 (excluding rent subsidies for low-income hous-
9 ing) for military, clergy, and others (including
10 cash payments and cash value of benefits);

11 “(F) cash support or any money paid on
12 the student’s behalf, except, for dependent stu-
13 dents, funds provided by the student’s parents;

14 “(G) untaxed portion of pensions;

15 “(H) payments to individual retirement ac-
16 counts and Keogh accounts excluded from in-
17 come for Federal income tax purposes; and

18 “(I) any other untaxed income and bene-
19 fits, such as Black Lung Benefits, Refugee As-
20 sistance, railroad retirement benefits, or Job
21 Training Partnership Act noneducational bene-
22 fits or benefits received through participation in
23 employment and training activities under title I
24 of the Workforce Investment Act of 1998.

1 “(2) The term ‘untaxed income and benefits’
2 shall not include the amount of additional child tax
3 credit claimed for Federal income tax purposes.”.

4 (c) ASSETS.—Section 480(f) (20 U.S.C. 1087vv(f))
5 is amended—

6 (1) in paragraph (3), by striking “shall not be
7 considered an asset of a student for purposes of sec-
8 tion 475” and inserting “shall be considered an
9 asset of the parent for purposes of section 475”;

10 (2) by redesignating paragraphs (4) and (5) as
11 paragraphs (5) and (6), respectively; and

12 (3) by inserting after paragraph (3) the fol-
13 lowing:

14 “(4) A qualified education benefit shall be con-
15 sidered an asset of the student for purposes of sec-
16 tion 476 and 477.”.

17 (d) OTHER FINANCIAL ASSISTANCE.—Section
18 480(j)(2) (20 U.S.C. 1087vv(j)(2)) is amended by insert-
19 ing “, or a distribution that is not includable in gross in-
20 come under section 529 of such Code, under another pre-
21 paid tuition plan offered by a State, or under a Coverdell
22 education savings account under section 530 of such
23 Code,” after “1986”.

24 (e) EFFECTIVE DATE.—The amendments made by
25 this section shall be effective on July 1, 2009.

1 **PART B—MAKING STUDENT LOANS MORE**
2 **AFFORDABLE**

3 **SEC. 111. INTEREST RATE REDUCTIONS.**

4 (a) FFEL INTEREST RATES.—

5 (1) Section 427A(l) (20 U.S.C. 1077a(l)) is
6 amended by adding at the end the following new
7 paragraph:

8 “(4) REDUCED RATES FOR UNDERGRADUATE
9 SUBSIDIZED LOANS.—Notwithstanding subsection
10 (h) and paragraph (1) of this subsection, with re-
11 spect to any loan to an undergraduate student made,
12 insured, or guaranteed under this part (other than
13 a loan made pursuant to section 428B, 428C, or
14 428H) for which the first disbursement is made on
15 or after July 1, 2006, and before July 1, 2013, the
16 applicable rate of interest shall be as follows:

17 “(A) For a loan for which the first dis-
18 bursement is made on or after July 1, 2006,
19 and before July 1, 2008, 6.80 percent on the
20 unpaid principal balance of the loan.

21 “(B) For a loan for which the first dis-
22 bursement is made on or after July 1, 2008,
23 and before July 1, 2009, 6.12 percent on the
24 unpaid principal balance of the loan.

25 “(C) For a loan for which the first dis-
26 bursement is made on or after July 1, 2009,

1 and before July 1, 2010, 5.44 percent on the
2 unpaid principal balance of the loan.

3 “(D) For a loan for which the first dis-
4 bursement is made on or after July 1, 2010,
5 and before July 1, 2011, 4.76 percent on the
6 unpaid principal balance of the loan.

7 “(E) For a loan for which the first dis-
8 bursement is made on or after July 1, 2011,
9 and before July 1, 2012, 4.08 percent on the
10 unpaid principal balance of the loan.

11 “(F) For a loan for which the first dis-
12 bursement is made on or after July 1, 2012
13 and before July 1, 2013, 3.40 percent on the
14 unpaid principal balance of the loan.”.

15 (2) SPECIAL ALLOWANCE CROSS REFERENCE.—

16 Section 438(b)(2)(I)(ii)(II) (20 U.S.C.
17 1086(b)(2)(I)(ii)(II)) is amended by striking “sec-
18 tion 427A(l)(1)” and inserting “section 427A(l)(1)
19 or (l)(4)”.

20 (b) DIRECT LOAN INTEREST RATES.—Section
21 455(b)(7) (20 U.S.C. 1087e(b)(7)) is amended by adding
22 at the end the following new subparagraph:

23 “(D) REDUCED RATES FOR UNDER-
24 GRADUATE FDSL.—Notwithstanding the pre-
25 ceding paragraphs of this subsection, for Fed-

1 eral Direct Stafford Loans made to under-
2 graduate students for which the first disburse-
3 ment is made on or after July 1, 2006, and be-
4 fore July 1, 2013, the applicable rate of interest
5 shall be as follows:

6 “(i) For a loan for which the first dis-
7 bursement is made on or after July 1,
8 2006, and before July 1, 2008, 6.80 per-
9 cent on the unpaid principal balance of the
10 loan.

11 “(ii) For a loan for which the first
12 disbursement is made on or after July 1,
13 2008, and before July 1, 2009, 6.12 per-
14 cent on the unpaid principal balance of the
15 loan.

16 “(iii) For a loan for which the first
17 disbursement is made on or after July 1,
18 2009, and before July 1, 2010, 5.44 per-
19 cent on the unpaid principal balance of the
20 loan.

21 “(iv) For a loan for which the first
22 disbursement is made on or after July 1,
23 2010, and before July 1, 2011, 4.76 per-
24 cent on the unpaid principal balance of the
25 loan.

1 “(v) For a loan for which the first
2 disbursement is made on or after July 1,
3 2011, and before July 1, 2012, 4.08 per-
4 cent on the unpaid principal balance of the
5 loan.

6 “(vi) For a loan for which the first
7 disbursement is made on or after July 1,
8 2012, and before July 1, 2013, 3.40 per-
9 cent on the unpaid principal balance of the
10 loan.”.

11 **SEC. 112. INCREASES IN LOAN LIMITS.**

12 (a) INCREASE IN THIRD AND SUBSEQUENT YEAR
13 LIMITS.—

14 (1) FEDERAL INSURANCE LIMITS.—Section
15 425(a)(1)(A)(iii) (20 U.S.C. 1075(a)(1)(A)(iii)) is
16 amended by striking “\$5,500” and inserting
17 “\$7,500”.

18 (2) GUARANTY LIMITS.—Section
19 428(b)(1)(A)(iii)(I) (20 U.S.C. 1078(b)(1)(A)(iii)(I))
20 is amended by striking “\$5,500” and inserting
21 “\$7,500”.

22 (b) INCREASE IN AGGREGATE LIMITS.—

23 (1) FEDERAL INSURANCE LIMITS.—Section
24 425(a)(2)(A) (20 U.S.C. 1075(a)(2)(A)(i)) is
25 amended—

1 (A) in clause (i), by striking “\$23,000”
2 and inserting “\$30,500”; and

3 (B) in clause (ii), by striking “\$65,500”
4 and inserting “\$73,000”.

5 (2) GUARANTY LIMITS.—Section 428(b)(1)(B)
6 (20 U.S.C. 1078(b)(1)(A)(iii)(I)) is amended—

7 (A) in clause (i), by striking “\$23,000”
8 and inserting “\$30,500”; and

9 (B) in clause (ii), by striking “\$65,500”
10 and inserting “\$73,000”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall be effective July 1, 2008.

13 **SEC. 113. REDUCTION OF LENDER SPECIAL ALLOWANCE**
14 **PAYMENTS.**

15 Section 438(b)(2)(I) (20 U.S.C. 1087–1(b)(2)(I)) is
16 amended—

17 (1) in clause (i), by striking “clauses (ii), (iii),
18 and (iv)” and inserting “the following clauses”;

19 (2) in clause (v)(III), by striking “clauses (ii),
20 (iii), and (iv)” and inserting “clauses (ii), (iii), (iv),
21 and (vi)”;

22 (3) by adding at the end the following new
23 clause:

24 “(vi) REDUCTION FOR LOANS ON OR
25 AFTER OCTOBER 1, 2007.—With respect to

1 a loan on which the applicable interest rate
2 is determined under section 427A(l), the
3 percentage to be added under clause
4 (i)(III) in computing the special allowance
5 payment pursuant to this subparagraph
6 shall be the following:

7 “(I) IN GENERAL AND PLUS
8 LOANS.—1.79 percent in the case of a
9 loan described in clause (i) or (iii) for
10 which the first disbursement of prin-
11 cipal is made on or after October 1,
12 2007.

13 “(II) IN SCHOOL AND GRACE PE-
14 RIOD.—1.19 percent in the case of a
15 loan described in clause (ii)(II) for
16 which the first disbursement of prin-
17 cipal is made on or after October 1,
18 2007.

19 “(III) CONSOLIDATION LOANS.—
20 2.09 percent in the case of a loan de-
21 scribed in clause (iv) for which the
22 first disbursement of principal is
23 made on or after October 1, 2007”.

1 **SEC. 114. ELIMINATION OF EXCEPTIONAL PERFORMER**
2 **STATUS FOR LENDERS.**

3 (a) **ELIMINATION OF STATUS.**—Part B of title IV (20
4 U.S.C. 1071 et seq.) is amended by striking section 428I
5 (20 U.S.C. 1078–9).

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

8 (1) in section 428(c)(1) (20 U.S.C.
9 1078(c)(1))—

10 (A) by striking subparagraph (D); and

11 (B) by redesignating subparagraphs (E)
12 through (H) as subparagraphs (D) through
13 (G), respectively; and

14 (2) in section 438(b)(5) (20 U.S.C. 1087–
15 1(b)(5)), by striking the matter following subpara-
16 graph (B).

17 (c) **EFFECTIVE DATE.**—The amendments made by
18 subsections (a) and (b) shall take effect on October 1,
19 2007.

20 **SEC. 115. REDUCTION OF LENDER INSURANCE PERCENT-**
21 **AGE.**

22 (a) **AMENDMENT.**—Subparagraph (G) of section
23 428(b)(1) (20 U.S.C. 1078(b)(1)(G)) is amended to read
24 as follows:

1 “(G) insures 95 percent of the unpaid
2 principal of loans insured under the program,
3 except that—

4 “(i) such program shall insure 100
5 percent of the unpaid principal of loans
6 made with funds advanced pursuant to sec-
7 tion 428(j) or 439(q); and

8 “(ii) notwithstanding the preceding
9 provisions of this subparagraph, such pro-
10 gram shall insure 100 percent of the un-
11 paid principal amount of exempt claims as
12 defined in subsection (c)(1)(G);”.

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

16 **SEC. 116. GUARANTY AGENCY COLLECTION RETENTION.**

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

19 “(ii) an amount equal to 23 percent of
20 such payments for use in accordance with
21 section 422B, except that beginning Octo-
22 ber 1, 2007, this subparagraph shall be ap-
23 plied by substituting ‘16 percent’ for ‘23
24 percent’.”.

1 **SEC. 117. UNIT COSTS FOR ACCOUNT MAINTENANCE FEES.**

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

3 (1) by striking “Account” and inserting the fol-
4 lowing:

5 “(1) FOR FISCAL YEARS 2006 AND 2007.—For
6 fiscal years 2006 and 2007, account”; and

7 (2) by adding at the end the following new
8 paragraph:

9 “(2) FOR FISCAL YEAR 2008 AND SUCCEEDING
10 FISCAL YEARS.—

11 “(A) UNIT COST BASIS.—For fiscal year
12 2008 and each succeeding fiscal year, the Sec-
13 retary shall calculate the account maintenance
14 fees payable to guaranty agencies under sub-
15 section (a)(3), on a per-loan cost basis in ac-
16 cordance with subparagraph (B) of this para-
17 graph.

18 “(B) DETERMINATIONS.—To determine
19 the amount that shall be paid under subsection
20 (a)(3) per outstanding loan guaranteed by a
21 guaranty agency for fiscal year 2008 and suc-
22 ceeding fiscal years, the Secretary shall—

23 “(i) establish the per-loan cost basis
24 amount by—

25 “(I) dividing the total amount of
26 account maintenance fees paid under

1 subsection (a)(3) in fiscal year 2006,
2 by

3 “(II) the number of loans under
4 part B that were outstanding in that
5 fiscal year; and

6 “(ii) determine on October 1 of fiscal
7 year 2008 and each subsequent fiscal year,
8 and pay to each guaranty agency, an
9 amount equal to the product of the number
10 of loans under part B that are outstanding
11 on October 1 of that fiscal year and in-
12 sured by that guaranty agency multiplied
13 by—

14 “(I) the amount determined
15 under clause (i); increased by

16 “(II) a percentage equal to the
17 percentage increase in the GDP price
18 index (as determined by the Bureau
19 of Labor Statistics of the Department
20 of Labor) between the calendar quar-
21 ter ending on June 30, 2006, and the
22 calendar quarter ending on the June
23 30 preceding such October 1 of such
24 fiscal year.”.

1 **SEC. 118. INCREASED LOAN FEES FROM LENDERS.**

2 Paragraph (2) of section 438(d) (20 U.S.C. 1087–
3 1(d)(2)) is amended to read as follows:

4 “(2) AMOUNT OF LOAN FEES.—

5 “(A) AMOUNT.—The amount of the loan
6 fee which shall be deducted under paragraph
7 (1), but which may not be collected from the
8 borrower, shall be equal to—

9 “(i) except as provided in clauses (ii)
10 and (iii), 0.50 percent of the principal
11 amount of the loan with respect to any
12 loan under this part for which the first dis-
13 bursement was made on or after October
14 1, 1993;

15 “(ii) 1.0 percent of the principal
16 amount of the loan with respect to any
17 loan under this part for which the first dis-
18 bursement was made on or after October
19 1, 2007, that is held by any holder other
20 than a holder described in subclause (I) or
21 (II) of clause (iii); and

22 “(iii) 0.0 percent of the principal
23 amount of the loan with respect to any
24 loan under this part for which the first dis-
25 bursement was made on or after October
26 1, 2007, that is held by—

1 “(I) any holder that, together
2 with its affiliated holders, is des-
3 ignated by the Secretary as a small
4 lender under subparagraph (B); or

5 “(II) any holder that—

6 “(aa) is a unit of State or
7 local government or a nonprofit
8 private entity; and

9 “(bb) is not owned in whole
10 or in part by, or controlled or op-
11 erated by, or otherwise affiliated
12 with, a for-profit entity.

13 “(B) DESIGNATION OF SMALL LENDERS.—

14 In determining which holders of eligible loans
15 qualify as small lenders for purposes of sub-
16 paragraph (A)(iii)(I), the Secretary shall, using
17 the most recently available data with respect to
18 the total principal amount of eligible loans held
19 by holders—

20 “(i) rank all holders (combined with
21 their affiliated holders) of eligible loans in
22 descending order by total principal amount
23 of eligible loans held;

1 “(ii) calculate the total principal
2 amount of eligible loans held by all holders;
3 and

4 “(iii) identify the subset of consecu-
5 tively ranked holders under clause (i),
6 starting with the lowest ranked holder,
7 that together hold a total principal amount
8 of such loans equal to 15 percent of the
9 total amount calculated under clause (ii),
10 but excluding the holder, if any, whose
11 holdings when added cause the total hold-
12 ings of the subset to equal but not exceed
13 such 15 percent of such total amount cal-
14 culated; and

15 “(iv) designate as small lenders any
16 holder identified as a member of the subset
17 under clause (iii).”.

18 **SEC. 119. STUDENT LOAN INFORMATION.**

19 Section 428(k) (20 U.S.C. 1078(k)) is amended by
20 adding at the end the following new paragraph:

21 “(4) STUDENT LOAN INFORMATION.—

22 “(A) Notwithstanding any other provision
23 of law or regulation, a lender, secondary mar-
24 ket, holder, or guaranty agency shall provide,
25 free of charge and in a timely and effective

1 manner, any student loan information main-
2 tained by that entity that is requested by an in-
3 stitution of higher education and any third-
4 party servicer (as defined in section 481(e))
5 working on behalf of that institution to prevent
6 student loan defaults.

7 “(B) An institution and any third-party
8 servicer obtaining access to information under
9 subparagraph (A) shall safeguard that informa-
10 tion in order to prevent potential abuses of that
11 information, including identity theft.

12 “(C) Any third party servicer that obtains
13 information under this subparagraph shall only
14 use the information in a manner directly related
15 to the default prevention work the servicer is
16 performing on behalf of the institution of higher
17 education.

18 “(D) Any third party servicer that obtains
19 information under this subparagraph shall be
20 subject to any regulations established by the
21 Secretary pursuant to section 432 concerning
22 the misuse of such information, including any
23 penalties for such misuse.”.

1 **PART C—REWARDING SERVICE IN REPAYMENT**

2 **SEC. 141. LOAN FORGIVENESS FOR SERVICE IN AREAS OF**
3 **NATIONAL NEED.**

4 Section 428K (20 U.S.C. 1078–11) is amended to
5 read as follows:

6 **“SEC. 428K. LOAN FORGIVENESS FOR SERVICE IN AREAS OF**
7 **NATIONAL NEED.**

8 “(a) PROGRAM AUTHORIZED.—

9 “(1) LOAN FORGIVENESS AUTHORIZED.—The
10 Secretary shall forgive, in accordance with this sec-
11 tion, the student loan obligation of a borrower in the
12 amount specified in subsection (c), for any new bor-
13 rower after the date of enactment of the College
14 Cost Reduction Act of 2007, who—

15 “(A) has been employed full-time for at
16 least 5 consecutive complete school, academic,
17 or calendar years, as appropriate, in an area of
18 national need described in subsection (b); and

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

21 “(2) METHOD OF LOAN FORGIVENESS.—To
22 provide loan forgiveness under paragraph (1), the
23 Secretary is authorized to carry out a program—

24 “(A) through the holder of the loan, to as-
25 sume the obligation to repay a qualified loan

1 amount for a loan made, insured, or guaranteed
2 under this part; and

3 “(B) to cancel a qualified loan amount for
4 a loan made under part D of this title.

5 “(3) REGULATIONS.—The Secretary is author-
6 ized to issue such regulations as may be necessary
7 to carry out the provisions of this section.

8 “(b) AREAS OF NATIONAL NEED.—For purposes of
9 this section, an individual shall be treated as employed in
10 an area of national need if the individual is employed full
11 time as any of the following:

12 “(1) EARLY CHILDHOOD EDUCATORS.—An in-
13 dividual who is employed as an early childhood edu-
14 cator in an eligible preschool program or eligible
15 early childhood education program in a low-income
16 community, and who is involved directly in the care,
17 development, and education of infants, toddlers, or
18 young children through age 5.

19 “(2) NURSES.—An individual who is em-
20 ployed—

21 “(A) as a nurse in a clinical setting; or

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

1 “(3) FOREIGN LANGUAGE SPECIALISTS.—An
2 individual who has obtained a baccalaureate degree
3 in a critical foreign language and is employed—

4 “(A) in an elementary or secondary school
5 as a teacher of a critical foreign language; or

6 “(B) in an agency of the United States
7 Government in a position that regularly re-
8 quires the use of such critical foreign language.

9 “(4) LIBRARIANS.—An individual who is em-
10 ployed as a librarian in—

11 “(A) a public library that serves a geo-
12 graphic area within which the public schools
13 have a combined average of 30 percent or more
14 of their total student enrollments composed of
15 children counted under section 1113(a)(5) of
16 the Elementary and Secondary Education Act
17 of 1965; or

18 “(B) an elementary or secondary school
19 which is in the school district of a local edu-
20 cational agency which is eligible in such year
21 for assistance pursuant to title I of the Elemen-
22 tary and Secondary Education Act of 1965, and
23 which for the purpose of this paragraph and for
24 that year has been determined by the Secretary
25 (pursuant to regulations and after consultation

1 with the State educational agency of the State
2 in which the school is located) to be a school in
3 which the enrollment of children counted under
4 section 1113(a)(5) of the Elementary and Sec-
5 ondary Education Act of 1965 exceeds 30 per-
6 cent of the total enrollment of that school.

7 “(5) HIGHLY QUALIFIED TEACHERS: BILIN-
8 GUAL EDUCATION AND LOW-INCOME COMMU-
9 NITIES.—An individual who—

10 “(A) is highly qualified as such term is de-
11 fined in section 9101 of the Elementary and
12 Secondary Education Act of 1965; and

13 “(B)(i) is employed as a full-time teacher
14 of bilingual education; or

15 “(ii) is employed as a teacher for service in
16 a public or nonprofit private elementary or sec-
17 ondary school which is in the school district of
18 a local educational agency which is eligible in
19 such year for assistance pursuant to title I of
20 the Elementary and Secondary Education Act
21 of 1965, and which for the purpose of this
22 paragraph and for that year has been deter-
23 mined by the Secretary (pursuant to regulations
24 and after consultation with the State edu-
25 cational agency of the State in which the school

1 is located) to be a school in which the enroll-
2 ment of children counted under section
3 1113(a)(5) of the Elementary and Secondary
4 Education Act of 1965 exceeds 40 percent of
5 the total enrollment of that school.

6 “(6) CHILD WELFARE WORKERS.—An indi-
7 vidual who—

8 “(A) has obtained a degree in social work
9 or a related field with a focus on serving chil-
10 dren and families; and

11 “(B) is employed in public or private child
12 welfare services.

13 “(7) SPEECH-LANGUAGE PATHOLOGISTS.—An
14 individual who is a speech-language pathologist, who
15 is employed in an eligible preschool program or an
16 elementary or secondary school, and who has, at a
17 minimum, a graduate degree in speech-language pa-
18 thology, or communication sciences and disorders.

19 “(8) NATIONAL SERVICE.—An individual who is
20 engaged as a participant in project under the Na-
21 tional and Community Service Act of 1990 (as such
22 terms are defined in section 101 of such Act (42
23 U.S.C. 12511)).

24 “(9) PUBLIC SECTOR EMPLOYEES.—An indi-
25 vidual who is employed in public safety (including as

1 a first responder, firefighter, police officer, or other
2 law enforcement or public safety officer), emergency
3 management (including as an emergency medical
4 technician), public health, or public interest legal
5 services (including prosecution or public defense).

6 “(c) QUALIFIED LOAN AMOUNT.—The Secretary
7 shall forgive not more than \$5,000 in the aggregate of
8 the student loan obligation of a borrower that is out-
9 standing after the completion of the fifth consecutive
10 school, academic, or calendar year of employment, as ap-
11 propriate, described in subsection (a)(1).

12 “(d) CONSTRUCTION.—Nothing in this section shall
13 be construed to authorize the refunding of any repayment
14 of a loan.

15 “(e) SEGAL AMERICORPS EDUCATION AWARD AND
16 NATIONAL SERVICE AWARD RECIPIENTS.—A student bor-
17 rower who qualifies for the maximum education award
18 under subtitle D of title I of the National and Community
19 Service Act of 1990 (42 U.S.C. 12601 et seq.) shall re-
20 ceive under this section the amount, if any, by which the
21 maximum benefit available under this section exceeds the
22 maximum education award available under such subtitle.

23 “(f) INELIGIBILITY FOR DOUBLE BENEFITS.—No
24 borrower may receive a reduction of loan obligations under
25 both this section and section 428J or 460.

1 “(g) DEFINITIONS.—In this section:

2 “(1) CRITICAL FOREIGN LANGUAGE.—The term
3 ‘critical foreign language’ includes the languages of
4 Arabic, Korean, Japanese, Chinese, Pashto, Persian-
5 Farsi, Serbian-Croatian, Russian, Portuguese, and
6 any other language identified by the Secretary of
7 Education, in consultation with the Defense Lan-
8 guage Institute, the Foreign Service Institute, and
9 the National Security Education Program, as a crit-
10 ical foreign language need.

11 “(2) EARLY CHILDHOOD EDUCATOR.—The
12 term ‘early childhood educator’ means an early
13 childhood educator who works directly with children
14 in an eligible preschool program or eligible early
15 childhood education program who has completed a
16 baccalaureate or advanced degree in early childhood
17 development, early childhood education, or in a field
18 related to early childhood education.

19 “(3) ELIGIBLE PRESCHOOL PROGRAM.—The
20 term ‘eligible preschool program’ means a program
21 that provides for the care, development, and edu-
22 cation of infants, toddlers, or young children
23 through age 5, meets any applicable State or local
24 government licensing, certification, approval, and
25 registration requirements, and is operated by—

1 “(A) a public or private school that may be
2 supported, sponsored, supervised, or adminis-
3 tered by a local educational agency;

4 “(B) a Head Start agency serving as a
5 grantee designated under the Head Start Act
6 (42 U.S.C. 9831 et seq.);

7 “(C) a nonprofit or community based orga-
8 nization; or

9 “(D) a child care program, including a
10 home.

11 “(4) ELIGIBLE EARLY CHILDHOOD EDUCATION
12 PROGRAM.—The term ‘eligible early childhood edu-
13 cation program’ means—

14 “(A) a family child care program, center-
15 based child care program, State prekind-
16 garten program, school program, or other out-
17 of-home early childhood development care pro-
18 gram, that—

19 “(i) is licensed or regulated by the
20 State; and

21 “(ii) serves 2 or more unrelated chil-
22 dren who are not old enough to attend kin-
23 dergarten;

1 “(B) a Head Start Program carried out
2 under the Head Start Act (42 U.S.C. 9831 et
3 seq.); or

4 “(C) an Early Head Start Program carried
5 out under section 645A of the Head Start Act
6 (42 U.S.C. 9840a).

7 “(5) LOW-INCOME COMMUNITY.—In this sub-
8 section, the term ‘low-income community’ means a
9 community in which 70 percent of households earn
10 less than 85 percent of the State median household
11 income.

12 “(6) NURSE.—The term ‘nurse’ means a nurse
13 who meets all of the following:

14 “(A) The nurse graduated from—

15 “(i) an accredited school of nursing
16 (as those terms are defined in section 801
17 of the Public Health Service Act (42
18 U.S.C. 296));

19 “(ii) a nursing center; or

20 “(iii) an academic health center that
21 provides nurse training.

22 “(B) The nurse holds a valid and unre-
23 stricted license to practice nursing in the State
24 in which the nurse practices in a clinical set-
25 ting.

1 “(C) The nurse holds one or more of the
2 following:

3 “(i) A graduate degree in nursing, or
4 an equivalent degree.

5 “(ii) A nursing degree from a colle-
6 giate school of nursing (as defined in sec-
7 tion 801 of the Public Health Service Act
8 (42 U.S.C. 296)).

9 “(iii) A nursing degree from an asso-
10 ciate degree school of nursing (as defined
11 in section 801 of the Public Health Service
12 Act (42 U.S.C. 296)).

13 “(iv) A nursing degree from a diploma
14 school of nursing (as defined in section
15 801 of the Public Health Service Act (42
16 U.S.C. 296)).

17 “(7) SPEECH-LANGUAGE PATHOLOGIST.—The
18 term ‘speech-language pathologist’ means a speech-
19 language pathologist who meets all of the following:

20 “(A) the speech-language pathologist has
21 received, at a minimum, a graduate degree in
22 speech-language pathology or communication
23 sciences and disorders from an institution of
24 higher education accredited by an agency or as-

1 society recognized by the Secretary pursuant
2 to section 496(a) of this Act; and

3 “(B) the speech-language pathologist
4 meets or exceeds the qualifications as defined in
5 section 1861(l) of the Social Security Act (42
6 U.S.C. 1395x).

7 “(h) PROGRAM FUNDING.—There shall be available
8 to the Secretary to carry out this section, from funds not
9 otherwise appropriated, such sums as may be necessary
10 to provide loan forgiveness in accordance with this section
11 to each eligible individual.”.

12 **SEC. 142. INCOME CONTINGENT REPAYMENT FOR PUBLIC**
13 **SECTOR EMPLOYEES.**

14 Section 455(e) (20 U.S.C. 1087e(e)) is amended by
15 adding at the end the following:

16 “(7) REPAYMENT PLAN FOR PUBLIC SECTOR
17 EMPLOYEES.—

18 “(A) IN GENERAL.—The Secretary shall
19 forgive the balance due on any loan made under
20 this part or section 428C(b)(5) for a bor-
21 rower—

22 “(i) who has made 120 payments on
23 such loan pursuant to income contingent
24 repayment; and

1 “(ii) who is employed, and was em-
2 ployed for the 10-year period in which the
3 borrower made the 120 payments de-
4 scribed in clause (i), in a public sector job.

5 “(B) PUBLIC SECTOR JOB.—In this para-
6 graph, the term ‘public sector job’ means a full-
7 time job in emergency management, public safe-
8 ty, law enforcement, public health, education
9 (including early childhood education), social
10 work in a public child or family service agency,
11 or public interest legal services (including pros-
12 ecution or public defense).

13 “(8) RETURN TO STANDARD REPAYMENT.—A
14 borrower who is repaying a loan made under this
15 part pursuant to income contingent repayment may
16 choose, at any time, to terminate repayment pursu-
17 ant to income contingent repayment and repay such
18 loan under the standard repayment plan.”.

19 **SEC. 143. INCOME-BASED REPAYMENT.**

20 (a) AMENDMENT.—Part G of title IV (20 U.S.C.
21 1088 et seq.) is further amended by adding at the end
22 the following:

23 **“SEC. 493C. INCOME-BASED REPAYMENT.**

24 “(a) DEFINITIONS.—In this section:

1 “(1) EXCEPTED PLUS LOAN.—The term ‘ex-
2 cepted PLUS loan’ means a loan under section
3 428B, or a Federal Direct PLUS Loan, that is
4 made, insured, or guaranteed on behalf of a depend-
5 ent student.

6 “(2) PARTIAL FINANCIAL HARDSHIP.—The
7 term ‘partial financial hardship’ means the amount
8 by which—

9 “(A) the annual amount due on the total
10 amount of loans made, insured, or guaranteed
11 under part B or D (other than an excepted
12 PLUS loan) to a borrower as calculated under
13 the standard repayment plan under section
14 428(b)(9)(A)(i) or 455(d)(1)(A); exceeds

15 “(B) 15 percent of the result obtained by
16 calculating the amount by which—

17 “(i) the borrower’s, and the bor-
18 rower’s spouse’s (if applicable), adjusted
19 gross income; exceeds

20 “(ii) 150 percent of the poverty line
21 applicable to the borrower’s family size as
22 determined under section 673(2) of the
23 Community Services Block Grant Act (42
24 U.S.C. 9902(2)).

1 “(b) INCOME-BASED REPAYMENT PROGRAM AU-
2 THORIZED.—Notwithstanding any other provision of this
3 Act, the Secretary shall carry out a program under
4 which—

5 “(1) a borrower of any loan made, insured, or
6 guaranteed under part B or D (other than an ex-
7 cepted PLUS loan) who has a partial financial hard-
8 ship may elect, during any period the borrower has
9 the partial financial hardship, to have the borrower’s
10 aggregate monthly payment for all such loans not
11 exceed the result described in subsection (a)(2)(B)
12 divided by 12;

13 “(2) the holder of such a loan shall apply the
14 borrower’s monthly payment under this subsection
15 first toward interest due on the loan and then to-
16 ward the principal of the loan;

17 “(3) any interest due and not paid under para-
18 graph (2) shall be capitalized;

19 “(4) any principal due and not paid under
20 paragraph (2) shall be deferred;

21 “(5) the amount of time the borrower makes
22 monthly payments under paragraph (1) may exceed
23 10 years;

1 “(6) if the borrower no longer has a partial fi-
2 nancial hardship or no longer wishes to continue the
3 election under this subsection, then—

4 “(A) the maximum monthly payment re-
5 quired to be paid for all loans made to the bor-
6 rower under part B or D (other than an ex-
7 cepted PLUS loan) shall not exceed the month-
8 ly amount calculated under section
9 428(b)(9)(A)(i) or 455(d)(1)(A) when the bor-
10 rower first made the election described in this
11 subsection; and

12 “(B) the amount of time the borrower is
13 permitted to repay such loans may exceed 10
14 years;

15 “(7) the Secretary shall repay or cancel any
16 outstanding balance of principal and interest due on
17 all loans made under part B or D (other than a loan
18 under section 428B or a Federal Direct PLUS
19 Loan) to a borrower who—

20 “(A) is in deferment due to an economic
21 hardship described in section 435(o) for a pe-
22 riod of time prescribed by the Secretary, not to
23 exceed 20 years; or

24 “(B)(i) makes the election under this sub-
25 section; and

1 “(ii) for a period of time prescribed by the
2 Secretary, not to exceed 20 years (including any
3 period during which the borrower is in
4 deferment due to an economic hardship de-
5 scribed in section 435(o)), meets 1 or more of
6 the following requirements:

7 “(I) Has made reduced monthly pay-
8 ments under paragraph (1).

9 “(II) Has made monthly payments of
10 not less than the monthly amount cal-
11 culated under section 428(b)(9)(A)(i) or
12 455(d)(1)(A) when the borrower first made
13 the election described in this subsection.

14 “(III) Has made payments under a
15 standard repayment plan under section
16 428(b)(9)(A)(i) or 455(d)(1)(A).

17 “(IV) Has made payments under an
18 income contingent repayment plan under
19 section 455(d)(1)(D); and

20 “(8) a borrower who is repaying a loan made
21 under this part pursuant to income-based repayment
22 may elect, at any time, to terminate repayment pur-
23 suant to income-based repayment and repay such
24 loan under the standard repayment plan.”.

1 (b) CONFORMING ICR AMENDMENT.—Section
2 455(d)(1)(D) (20 U.S.C. 1087e(d)(1)(D)) is amended by
3 inserting “made on behalf of a dependent student” after
4 “PLUS loan”.

5 **SEC. 144. DEFINITION OF ECONOMIC HARDSHIP.**

6 Section 435(o) (20 U.S.C. 1085(o)) is amended—

7 (1) in paragraph (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
11 line applicable to the borrower’s family size”;

12 (B) by striking subparagraph (B); and

13 (C) by redesignating subparagraph (C) as
14 subparagraph (B); and

15 (2) in paragraph (2), by striking “(1)(C)” and
16 inserting “(1)(B)”.

17 **SEC. 145. DEFERRALS.**

18 (a) FISL.—Section 427(a)(2)(C)(iii) (20 U.S.C.
19 1077(a)(2)(C)(iii)) is amended by striking “not in excess
20 of 3 years”.

21 (b) INTEREST SUBSIDIES.—Section 428(b)(1)(M)(iv)
22 (20 U.S.C. 1078(b)(1)(M)(iv)) is amended by striking
23 “not in excess of 3 years”.

1 (c) DIRECT LOANS.—Section 455(f)(2)(D) (20
2 U.S.C. 1087e(f)(2)(D)) is amended by striking “not in ex-
3 cess of 3 years”.

4 (d) PERKINS.—Section 464(c)(2)(A)(iv) (20 U.S.C.
5 1087dd(c)(2)(A)(iv)) is amended by striking “not in ex-
6 cess of 3 years”.

7 **SEC. 146. MAXIMUM REPAYMENT PERIOD.**

8 (a) IN GENERAL.—Section 455(e) (20 U.S.C.
9 1087e(e)) is amended by adding at the end the following:

10 “(9) MAXIMUM REPAYMENT PERIOD.—In calcu-
11 lating the extended period of time for which an in-
12 come contingent repayment plan under this sub-
13 section may be in effect for a borrower, the Sec-
14 retary shall include all time periods during which a
15 borrower of loans under part B, part D, or part E—

16 “(A) is not in default on any loan that is
17 included in the income contingent repayment
18 plan; and

19 “(B)(i) is in deferment due to an economic
20 hardship described in section 435(o);

21 “(ii) makes monthly payments under para-
22 graph (1) or (6) of section 493C(b); or

23 “(iii) makes payments under a standard
24 repayment plan described in section
25 428(b)(9)(A)(i) or subsection (d)(1)(A).”.

1 (b) TECHNICAL CORRECTION.—Section 455(d)(1)(C)
2 (20 U.S.C. 1087e(d)(1)(C)) is amended by striking
3 “428(b)(9)(A)(v)” and inserting “428(b)(9)(A)(iv)”.

4 **TITLE II—REDUCING THE COST**
5 **OF COLLEGE**

6 **SEC. 201. STATE COMMITMENT TO AFFORDABLE COLLEGE**
7 **EDUCATION.**

8 Title I is amended by inserting after section 131 (20
9 U.S.C. 1015) the following new section:

10 **“SEC. 132. STATE COMMITMENT TO AFFORDABLE COLLEGE**
11 **EDUCATION.**

12 “(a) MAINTENANCE OF EFFORT REQUIRED.—No
13 State shall reduce the total amount provided by the State
14 for public institutions of higher education in such State
15 for any academic year beginning on or after July 1, 2008,
16 to an amount which is less than the average amount pro-
17 vided by such State to such institutions of higher edu-
18 cation during the 5 most recent preceeding academic years
19 for which satisfactory data is available.

20 “(b) WAIVER.—The Secretary may waive the require-
21 ments of this section, if the Secretary determines that
22 such a waiver would be equitable due to exceptional or
23 uncontrollable circumstances, such as a natural disaster
24 or a precipitous and unforeseen decline in the financial
25 resources of the State educational agency.

1 “(c) WITHHOLDING OF ALL LEAP FUNDS FOR VIO-
2 LATIONS.—Notwithstanding any other provision of law,
3 the Secretary of Education shall withhold from any State
4 that violates subsection (a) (except a State that receives
5 a waiver under subsection (b)) any amount that would oth-
6 erwise be available to the State under the Leveraging Edu-
7 cational Assistance Partnership Program under subpart 4
8 of part A of title IV until such State has corrected such
9 violation.”.

10 **SEC. 202. CONSUMER INFORMATION AND PUBLIC AC-**
11 **COUNTABILITY IN HIGHER EDUCATION.**

12 Section 131 of the Higher Education Act of 1965 (20
13 U.S.C. 1015) is amended to read as follows:

14 **“SEC. 131. CONSUMER INFORMATION AND PUBLIC AC-**
15 **COUNTABILITY IN HIGHER EDUCATION.**

16 “(a) COLLEGE OPPORTUNITY ON-LINE (COOL)
17 WEBSITE RE-DESIGN PROCESS.—In carrying out this
18 section, the Commissioner of Education Statistics—

19 “(1) shall identify the data elements that are of
20 greatest importance to prospective students, enrolled
21 students, and their families, paying particular atten-
22 tion to low-income, non-traditional student popu-
23 lations, and first-generation college students;

24 “(2) shall convene a group of individuals with
25 expertise in the collection and reporting of data re-

1 lated to institutions of higher education, the use of
2 consumer data, and consumer marketing in general
3 to—

4 “(A) determine the relevance of particular
5 data elements to prospective students, enrolled
6 students, and families;

7 “(B) assess the cost-effectiveness of var-
8 ious ways in which institutions of higher edu-
9 cation might produce relevant data;

10 “(C) determine the general comparability
11 of the data across institutions of higher edu-
12 cation;

13 “(D) make recommendations regarding the
14 inclusion of specific data items and the most ef-
15 fective and least burdensome methods of col-
16 lecting and reporting useful data from institu-
17 tions of higher education; and

18 “(3) shall ensure that the redesigned COOL
19 website—

20 “(A) uses, to the extent practicable, data
21 elements currently provided by institutions of
22 higher education to the Secretary;

23 “(B) includes clear and uniform informa-
24 tion determined to be relevant to prospective
25 students, enrolled students, and families;

1 “(C) provides comparable information, by
2 ensuring that data are based on accepted cri-
3 teria and common definitions;

4 “(D) includes a sorting function that per-
5 mits users to customize their search for and
6 comparison of institutions of higher education
7 based on the information identified through the
8 process as prescribed in paragraph (1) as being
9 of greatest relevance to choosing an institution
10 of higher education.

11 “(b) DATA COLLECTION.—

12 “(1) DATA SYSTEM.—The Commissioner of
13 Education Statistics shall continue to redesign the
14 relevant parts of the Integrated Postsecondary Edu-
15 cation Data System to include additional data as re-
16 quired by this section and to continue to improve the
17 usefulness and timeliness of data collected by such
18 systems in order to inform consumers about institu-
19 tions of higher education.

20 “(2) COLLEGE CONSUMER PROFILE.—The Sec-
21 retary shall continue to publish on the COOL
22 website, for each academic year and in accordance
23 with standard definitions developed by the Commis-
24 sioner of Education Statistics (including definitions
25 developed under section 131(a)(3)(A) as in effect on

1 the day before the date of enactment of the College
2 Cost Reduction Act of 2007), from at least all insti-
3 tutions of higher education participating in pro-
4 grams under title IV the following information:

5 “(A) The tuition and fees charged for a
6 first-time, full-time undergraduate student.

7 “(B) The room and board charges for a
8 first-time, full-time undergraduate student.

9 “(C) The price of attendance for a first-
10 time, full-time undergraduate student, con-
11 sistent with the provisions of section 472.

12 “(D) The average amount of financial as-
13 sistance received by a first-year, full-time un-
14 dergraduate student, including—

15 “(i) each type of assistance or benefits
16 described in 428(a)(2)(C)(ii);

17 “(ii) institutional and other assist-
18 ance; and

19 “(iii) Federal loans under parts B, D,
20 and E of title IV.

21 “(E) The number of first-time, full-time
22 undergraduate students receiving financial as-
23 sistance described in each clause of subpara-
24 graph (D).

1 “(F) The institutional instructional ex-
2 penditure per full-time equivalent student.

3 “(G) Student enrollment information, in-
4 cluding information on the number and percent-
5 age of full-time and part-time students, the
6 number and percentage of resident and non-
7 resident students.

8 “(H) Faculty-to-student ratios.

9 “(I) Faculty information, including the
10 total number of faculty and the percentage of
11 faculty who are full-time employees of the insti-
12 tution and the percentage who are part-time.

13 “(J) Completion and graduation rates of
14 undergraduate students, identifying whether the
15 completion or graduation rates are from a 2-
16 year or 4-year program of instruction and, in
17 the case of a 2-year program of instruction, the
18 percentage of students who transfer to 4-year
19 institutions prior or subsequent to completion
20 or graduation.

21 “(K) A link to the institution of higher
22 education with information of interest to stu-
23 dents including mission, accreditation, student
24 services (including services for students with
25 disabilities), transfer of credit policies, any ar-

1 tication agreements entered into by the insti-
2 tution, and, if appropriate, placement rates and
3 other measures of success in preparing students
4 for entry into or advancement in the workforce.

5 “(L) The college affordability information
6 elements specified in subsection (c).

7 “(M) Any additional information that the
8 Secretary may require.

9 “(c) COLLEGE AFFORDABILITY INFORMATION ELE-
10 MENTS.—The college affordability information elements
11 required by subsection (b)(2)(L) shall include, for each in-
12 stitution submitting data—

13 “(1) the sticker price of the institution for the
14 3 most recent academic years;

15 “(2) the net tuition price of the institution for
16 the 3 most recent academic years;

17 “(3) the percentage change in both the sticker
18 price and the net tuition price over the 3-year time
19 period that is being reported;

20 “(4) the percentage change in the higher edu-
21 cation price index (as defined in section 401B(d))
22 over the same 3-year time period; and

23 “(5) whether the institution has been placed on
24 affordability alert status as required by subsection
25 (d)(2).

1 “(d) OUTCOMES AND ACTIONS.—

2 “(1) RESPONSE FROM INSTITUTION.—Effective
3 on June 30, 2008, an institution that increases its
4 sticker price at a percentage rate for any 3-year in-
5 terval ending on or after that date that exceeds two
6 times the rate of change in the higher education
7 price index (as defined in section 401B(d)) over the
8 same time period shall provide a report to the Sec-
9 retary, in such a form, at such time, and containing
10 such information as the Secretary may require. Such
11 report shall be published by the Secretary on the
12 COOL website, and shall include—

13 “(A) a description of the factors contrib-
14 uting to the increase in the institution’s costs
15 and in the tuition and fees charged to students;
16 and

17 “(B) if determinations of tuition and fee
18 increases are not within the exclusive control of
19 the institution, a description of the agency or
20 instrumentality of State government or other
21 entity that participates in such determinations
22 and the authority exercised by such agency, in-
23 strumentality, or entity.

24 “(2) CONSEQUENCES FOR 2-YEAR CONTINU-
25 ATION OF FAILURE.—If the Secretary determines

1 that an institution that is subject to paragraph (1))
2 has failed to reduce the subsequent increase in stick-
3 er price to equal to or below two times the rate of
4 change in the higher education price index (as de-
5 fined in section 401B(d)) for 2 consecutive academic
6 years subsequent to the 3-year interval used under
7 paragraph (1), the Secretary shall place the institu-
8 tion on affordability alert status.

9 “(3) EXEMPTIONS.—Notwithstanding para-
10 graph (2), an institution shall not be placed on af-
11 fordability alert status if, for any 3-year interval for
12 which sticker prices are computed under paragraph
13 (1)—

14 “(A) with respect the the class of institu-
15 tions described in paragraph (5) to which the
16 institution belongs, the sticker price of the in-
17 stitution is in the lowest quartile of institutions
18 within such class, as determined by the Sec-
19 retary, during the last year of such 3-year in-
20 terval; or

21 “(B) the institution has a percentage
22 change in its sticker price computed under
23 paragraph (1) that exceeds two times the rate
24 of change in the higher education price index
25 (as defined in section 401B(d)) over the same

1 time period, but the dollar amount of the stick-
2 er price increase is less than \$500.

3 “(4) INFORMATION TO STATE AGENCIES.—Any
4 institution that reports under paragraph (1)(B) that
5 an agency or instrumentality of State government or
6 other entity participates in the determinations of tui-
7 tion and fee increases shall, prior to submitting any
8 information to the Secretary under this subsection,
9 submit such information to, and request the com-
10 ments and input of, such agency, instrumentality, or
11 entity. With respect to any such institution, the Sec-
12 retary shall provide a copy of any communication by
13 the Secretary with that institution to such agency,
14 instrumentality, or entity.

15 “(5) CLASSES OF INSTITUTIONS.—For purposes
16 of this subsection, the classes of institutions shall be
17 those sectors used by the Integrated Postsecondary
18 Education Data System, based on whether the insti-
19 tution is public, nonprofit private, or for-profit pri-
20 vate, and whether the institution has a 4-year, 2-
21 year, or less than 2-year program of instruction.

22 “(6) DATA REJECTION.—Nothing in this sub-
23 section shall be construed as allowing the Secretary
24 to reject the data submitted by an individual institu-
25 tion of higher education.

1 “(e) INFORMATION TO THE PUBLIC.—The Secretary
2 shall work with public and private entities to promote
3 broad public awareness, particularly among middle and
4 high school students and their families, of the information
5 made available under this section, including by distribu-
6 tion to students who participate in or receive benefits from
7 means-tested federally funded education programs and
8 other Federal programs determined by the Secretary.

9 “(f) FINES.—In addition to actions authorized in sec-
10 tion 487(c), the Secretary may impose a fine in an amount
11 not to exceed \$25,000 on an institution of higher edu-
12 cation for failing to provide the information required by
13 this section in a timely and accurate manner, or for failing
14 to otherwise cooperate with the National Center for Edu-
15 cation Statistics regarding efforts to obtain data under
16 subsections (c) and (i) and pursuant to the program par-
17 ticipation agreement entered into under section 487.

18 “(g) REGULATIONS.—The Secretary is authorized to
19 issue such regulations as may be necessary to carry out
20 the provisions of this section.

21 “(h) DEFINITIONS.—For the purposes of this section:

22 “(1) NET TUITION PRICE.—The term ‘net tui-
23 tion price’ means the average tuition and fees
24 charged to a first-time, full-time, full-year under-

1 graduate student, minus the average grants provided
2 to such students, for any academic year.

3 “(2) STICKER PRICE.—The term ‘sticker price’
4 means the average tuition and fees charged to a
5 first-time, full-time, full-year undergraduate student
6 by an institution of higher education for any aca-
7 demic year.”.

8 **SEC. 203. INCENTIVES AND REWARDS FOR LOW TUITION.**

9 Subpart 1 of part A of title IV is amended by insert-
10 ing after section 401A (20 U.S.C. 1070a-1) the following
11 new section:

12 **“SEC. 401B. INCENTIVES AND REWARDS FOR LOW TUITION.**

13 “(a) REWARDS FOR LOW TUITION.—For an institu-
14 tion of higher education that, for academic year 2008–
15 2009 or any succeeding academic year, such institution’s
16 annual net tuition price increase (expressed as a percent-
17 age) for the most recent academic year for which satisfac-
18 tory data is available is equal to or less than the percent-
19 age change in the higher education price index for such
20 academic year, the Secretary shall provide such institution
21 an amount sufficient to provide a 25 percent increase
22 under subpart 1 of part A of title IV to each Pell Grant
23 recipient attending such institution for the next award
24 year beginning after the date of such determination. Each
25 such institution shall distribute any amounts received

1 under this subsection among such Pell Grant recipients
2 by increasing the amount of their Pell Grant awards by
3 25 percent.

4 “(b) REWARDS FOR GUARANTEED TUITION.—

5 “(1) BONUS.—For each institution of higher
6 education that the Secretary of Education deter-
7 mines complies with the requirements of paragraph
8 (2) or paragraph (3) of this subsection, the Sec-
9 retary shall provide to such institution a bonus
10 amount equal to 25 percent of the aggregate amount
11 of aid received by students at the institution under
12 Section 401(a). Such institution shall award the
13 bonus amount to the Pell Grant recipients who were
14 in attendance at the institution during the award
15 year that such institution satisfied the eligibility cri-
16 teria for maintaining low tuition and fees. Each such
17 student shall receive an amount that equals 25 per-
18 cent of their total Pell Grant award for such award
19 year, except that no student shall receive an amount
20 under this section that would cause the amount of
21 total financial aid received by such student to exceed
22 the cost of attendance of the institutions. If there
23 are additional funds remaining after all eligible stu-
24 dents have been paid from the bonus amount, the in-
25 stitution shall award all excess funds first to remain-

1 ing Pell Grant recipients who were not in attendance
2 at the institution during such award year, and then
3 to other title IV eligible students in attendance at
4 such institution in the form of need-based aid.

5 “(2) 4-YEAR INSTITUTIONS.—An institution of
6 higher education that provides a program of instruc-
7 tion for which it awards a bachelor’s degree complies
8 with the requirements of this paragraph if such in-
9 stitution guarantees that for any academic year be-
10 ginning on or after July 1, 2008, and for each of the
11 4 succeeding continuous academic years, the net tui-
12 tion price charged to an undergraduate student will
13 not exceed—

14 “(A) the amount that the student was
15 charged for an academic year at the time he or
16 she first enrolled in the institution of higher
17 education, plus

18 “(B) the product of the percentage in-
19 crease in the higher education price index for
20 the prior academic year, or the most recent
21 prior academic year for which data is available,
22 multiplied by the amount determined under
23 subparagraph (A).

24 “(3) LESS-THAN 4-YEAR INSTITUTIONS.—An
25 institution of higher education that does not provide

1 a program of instruction for which it awards a bach-
2 elor's degree complies with the requirements of this
3 paragraph if such institution guarantees that for
4 any academic year (or the equivalent) beginning on
5 or after July 1, 2008, and for each of the 1.5 suc-
6 ceeding continuous academic years, the net tuition
7 price charged to an undergraduate student will not
8 exceed—

9 “(A) the amount that the student was
10 charged for an academic year at the time he or
11 she first enrolled in the institution of higher
12 education, plus

13 “(B) the product of the percentage in-
14 crease in the higher education price index for
15 the prior academic year, or the most recent
16 prior academic year for which data is available,
17 multiplied by the amount determined under
18 subparagraph (A).

19 “(c) MAINTAINING AFFORDABLE TUITION.—For any
20 institution of higher education whose increase in the an-
21 nual net tuition price (expressed as a percentage), for the
22 most recent academic year for which satisfactory data is
23 available, is greater than the percentage increase in the
24 higher education price index for such academic year, the
25 Secretary shall require such institution to submit to the

1 Secretary the following information, within 6 months of
2 such determination:

3 “(1) a detailed report on the exact causes for
4 the net tuition price increase that outlines revenues
5 and expenditures; and

6 “(2) cost containment strategies to lower net
7 tuition prices.

8 “(d) PRIORITY.—In awarding incentives and rewards
9 under this section, the Secretary shall give priority to in-
10 stitutions of higher education with the lowest annual net
11 tuition price increase (expressed as a percentage) for the
12 most recent academic year for which satisfactory data is
13 available, when compared with other institutions of higher
14 education with annual net tuition price increases that are
15 equal to or less than the percentage change in the higher
16 education price index for such academic year.

17 “(e) DEFINITIONS.—

18 “(1) NET TUITION PRICE.—The term ‘net tui-
19 tion price’ has the same meaning as provided in sec-
20 tion 131(k).

21 “(2) HIGHER EDUCATION PRICE INDEX.—The
22 term ‘higher education price index’ means a statis-
23 tical measure of change over time in the prices of a
24 fixed market basket of goods and services purchased
25 by colleges and universities through current fund

1 educational and general expenditures (excluding ex-
2 penditures for research), as developed by the Bureau
3 of Labor Statistics.

4 “(f) FUNDING.—There shall be available to the Sec-
5 retary to carry out this section, from funds not otherwise
6 appropriated, \$15,000,000 for each of the fiscal years
7 2008 through 2012.

8 “(g) SUNSET.—The authority to carry out this sec-
9 tion shall expire at the end of fiscal year 2012.”.

10 **SEC. 204. COOPERATIVE EDUCATION REWARDS FOR INSTI-**
11 **TUTIONS THAT RESTRAIN TUITION IN-**
12 **CREASES.**

13 The Higher Education Act of 1965 (20 U.S.C. 1101
14 et seq.) is amended by adding at the end the following
15 title:

16 **“TITLE VIII—COOPERATIVE EDU-**
17 **CATION REWARDS FOR INSTI-**
18 **TUTIONS THAT RESTRAIN**
19 **TUITION INCREASES**

20 **“SEC. 801. DEFINITION OF COOPERATIVE EDUCATION.**

21 “For the purpose of this title the term ‘cooperative
22 education’ means the provision of alternating or parallel
23 periods of academic study and public or private employ-
24 ment in order to give students work experiences related
25 to their academic or occupational objectives and an oppor-

1 tunity to earn the funds necessary for continuing and com-
2 pleting their education.

3 **“SEC. 802. AUTHORIZATION OF APPROPRIATIONS; RES-**
4 **ERVATIONS.**

5 “(a) APPROPRIATIONS.—There shall be available to
6 the Secretary to carry out this title from funds not other-
7 wise appropriated \$15,000,000 for each of the fiscal years
8 2008 through 2012.

9 “(b) RESERVATIONS.—Of the amount appropriated
10 for each such fiscal year—

11 “(1) not less than 50 percent shall be available
12 for carrying out grants to institutions of higher edu-
13 cation and combinations of such institutions de-
14 scribed in section 803(a)(1)(A) for cooperative edu-
15 cation under section 803;

16 “(2) not less than 25 percent shall be available
17 for carrying out grants to institutions of higher edu-
18 cation described in section 803(a)(1)(B) for coopera-
19 tive education under section 803;

20 “(3) not to exceed 11 percent shall be available
21 for demonstration projects under paragraph (1) of
22 section 804(a);

23 “(4) not to exceed 11 percent shall be available
24 for training and resource centers under paragraph
25 (2) of section 804(a); and

1 “(5) not to exceed 3 percent shall be available
2 for research under paragraph (3) of section 804(a).

3 “(c) AVAILABILITY OF APPROPRIATIONS.—Appro-
4 priations under this title shall not be available for the pay-
5 ment of compensation of students for employment by em-
6 ployers under arrangements pursuant to this title.

7 “(d) SUNSET.—The authority to carry out this title
8 shall expire at the end of fiscal year 2012.

9 **“SEC. 803. GRANTS FOR COOPERATIVE EDUCATION.**

10 “(a) GRANTS AUTHORIZED.—

11 “(1) IN GENERAL.—The Secretary is author-
12 ized—

13 “(A) from the amount available under sec-
14 tion 802(b)(1) in each fiscal year and in accord-
15 ance with the provisions of this title, to make
16 grants to institutions of higher education or
17 combinations of such institutions that have not
18 received a grant under this paragraph in the
19 10-year period preceding the date for which a
20 grant under this section is requested to pay the
21 Federal share of the cost of planning, estab-
22 lishing, expanding, or carrying out programs of
23 cooperative education by such institutions or
24 combinations of institutions; and

1 “(B) from the amount available under sec-
2 tion 802(b)(2) in each fiscal year and in accord-
3 ance with the provisions of this title, to make
4 grants to institutions of higher education that
5 are operating an existing cooperative education
6 program as determined by the Secretary to pay
7 the cost of planning, establishing, expanding, or
8 carrying out programs of cooperative education
9 by such institutions.

10 “(2) PROGRAM REQUIREMENT.—Cooperative
11 education programs assisted under this section shall
12 provide alternating or parallel periods of academic
13 study and of public or private employment, giving
14 students work experience related to their academic
15 or occupational objectives and the opportunity to
16 earn the funds necessary for continuing and com-
17 pleting their education.

18 “(3) AMOUNT OF GRANTS.—

19 “(A) The amount of each grant awarded
20 pursuant to paragraph (1)(A) to any institution
21 of higher education or combination of such in-
22 stitutions in any fiscal year shall not exceed
23 \$500,000.

24 “(B)(i) Except as provided in clauses (ii)
25 and (iii), the Secretary shall award grants in

1 each fiscal year to each institution of higher
2 education described in paragraph (1)(B) that
3 has an application approved under subsection
4 (b) in an amount which bears the same ratio to
5 the amount reserved pursuant to section
6 802(b)(2) for such fiscal year as the number of
7 unduplicated students placed in cooperative
8 education jobs during the preceding fiscal year
9 (other than cooperative education jobs under
10 section 804 and as determined by the Sec-
11 retary) by such institution of higher education
12 bears to the total number of all such students
13 placed in such jobs during the preceding fiscal
14 year by all such institutions.

15 “(ii) No institution of higher education
16 shall receive a grant pursuant to paragraph
17 (1)(B) in any fiscal year in an amount which
18 exceeds 25 percent of such institution’s cooper-
19 ative education program’s personnel and oper-
20 ating budget for the preceding fiscal year.

21 “(iii) The minimum annual grant amount
22 which an institution of higher education is eligi-
23 ble to receive under paragraph (1)(B) is \$1,000
24 and the maximum annual grant amount is
25 \$75,000.

1 “(4) LIMITATION.—The Secretary shall not
2 award grants pursuant to paragraphs (1)(A) and
3 (1)(B) to the same institution of higher education or
4 combination of such institution in any one fiscal
5 year.

6 “(5) USES.—Grants under paragraph (1)(B)
7 shall be used exclusively—

8 “(A) to expand the quality and participa-
9 tion of a cooperative education program;

10 “(B) for outreach in new curricular areas;
11 and

12 “(C) for outreach to potential participants
13 including underrepresented and nontraditional
14 populations.

15 “(b) APPLICATIONS.—Each institution of higher edu-
16 cation or combination of such institutions desiring to re-
17 ceive a grant under this section shall submit an application
18 to the Secretary at such time and in such manner as the
19 Secretary shall prescribe. Each such application shall—

20 “(1) set forth the program or activities for
21 which a grant is authorized under this section;

22 “(2) specify each portion of such program or
23 activities which will be performed by a nonprofit or-
24 ganization or institution other than the applicant

1 and the compensation to be paid for such perform-
2 ance;

3 “(3) provide that the applicant will expend dur-
4 ing such fiscal year for the purpose of such program
5 or activities not less than the amount expended for
6 such purpose during the previous fiscal year;

7 “(4) describe the plans which the applicant will
8 carry out to assure, and contain a formal statement
9 of the institution’s commitment which assures, that
10 the applicant will continue the cooperative education
11 program beyond the 5-year period of Federal assist-
12 ance described in subsection (c)(1) at a level which
13 is not less than the total amount expended for such
14 program during the first year such program was as-
15 sisted under this section;

16 “(5) provide that, in the case of an institution
17 of higher education that provides a 2-year program
18 which is acceptable for full credit toward a bach-
19 elor’s degree, the cooperative education program will
20 be available to students who are certificate or asso-
21 ciate degree candidates and who carry at least one-
22 half the normal full-time academic workload;

23 “(6) provide that the applicant will—

24 “(A) for each fiscal year for which the ap-
25 plicant receives a grant, make such reports with

1 respect to the impact of the cooperative edu-
2 cation program in the previous fiscal year as
3 may be essential to ensure that the applicant is
4 complying with the provisions of this section,
5 including—

6 “(i) the number of unduplicated stu-
7 dent applicants in the cooperative edu-
8 cation program;

9 “(ii) the number of unduplicated stu-
10 dents placed in cooperative education jobs;

11 “(iii) the number of employers who
12 have hired cooperative education students;

13 “(iv) the average income for students
14 derived from working in cooperative edu-
15 cation jobs; and

16 “(v) the increase or decrease in the
17 number of unduplicated students placed in
18 cooperative education jobs in each fiscal
19 year compared to the previous fiscal year;
20 and

21 “(B) keep such records as are essential to
22 ensure that the applicant is complying with the
23 provisions of this title, including the notation of
24 cooperative education employment on the stu-
25 dent’s transcript;

1 “(7) describe the extent to which programs in
2 the academic discipline for which the application is
3 made have had a favorable reception by public and
4 private sector employers;

5 “(8) describe the extent to which the institution
6 is committed to extending cooperative education on
7 an institution-wide basis for all students who can
8 benefit;

9 “(9) describe the plans that the applicant will
10 carry out to evaluate the applicant’s cooperative edu-
11 cation program at the end of the grant period;

12 “(10) provide for such fiscal control and fund
13 accounting procedures as may be necessary to assure
14 proper disbursement of, and accounting for, Federal
15 funds paid to the applicant under this title;

16 “(11) demonstrate a commitment to serving all
17 underserved populations; and

18 “(12) include such other information as is es-
19 sential to carry out the provisions of this title.

20 “(c) DURATION OF GRANTS; FEDERAL SHARE.—

21 “(1) DURATION OF GRANTS.—No individual in-
22 stitution of higher education may receive, individ-
23 ually or as a participant in a combination of such in-
24 stitutions—

1 “(A) a grant pursuant to subsection
2 (a)(1)(A) for more than 5 fiscal years; or

3 “(B) a grant pursuant to subsection
4 (a)(1)(B) for more than 5 fiscal years.

5 “(2) FEDERAL SHARE.—The Federal share of a
6 grant under section 803(a)(1)(A) may not exceed—

7 “(A) 85 percent of the cost of carrying out
8 the program or activities described in the appli-
9 cation in the first year the applicant receives a
10 grant under this section;

11 “(B) 70 percent of such cost in the second
12 such year;

13 “(C) 55 percent of such cost in the third
14 such year;

15 “(D) 40 percent of such cost in the fourth
16 such year; and

17 “(E) 25 percent of such cost in the fifth
18 such year.

19 “(3) SPECIAL RULE.—Any provision of law to
20 the contrary notwithstanding, the Secretary shall not
21 waive the provisions of this subsection.

22 “(d) MAINTENANCE OF EFFORT.—If the Secretary
23 determines that a recipient of funds under this section has
24 failed to maintain the fiscal effort described in subsection

1 (b)(3), then the Secretary may elect not to make grant
2 payments under this section to such recipient.

3 **“SEC. 804. DEMONSTRATION AND INNOVATION PROJECTS;**
4 **TRAINING AND RESOURCE CENTERS; AND RE-**
5 **SEARCH.**

6 “(a) AUTHORIZATION.—The Secretary is authorized,
7 in accordance with the provisions of this section, to make
8 grants and enter into contracts for—

9 “(1) the conduct of demonstration projects de-
10 signed to demonstrate or determine the feasibility or
11 value of innovative methods of cooperative education
12 from the amounts available in each fiscal year under
13 section 802(b)(3);

14 “(2) the conduct of training and resource cen-
15 ters designed to—

16 “(A) train personnel in the field of cooper-
17 ative education;

18 “(B) improve materials used in cooperative
19 education programs if such improvement is con-
20 ducted in conjunction with other activities de-
21 scribed in this paragraph;

22 “(C) furnish technical assistance to institu-
23 tions of higher education to increase the poten-
24 tial of the institution to continue to conduct a

1 cooperative education program without Federal
2 assistance;

3 “(D) encourage model cooperative edu-
4 cation programs which furnish education and
5 training in occupations in which there is a na-
6 tional need;

7 “(E) support partnerships under which an
8 institution carrying out a comprehensive cooper-
9 ative education program joins with one or more
10 institutions of higher education in order to (i)
11 assist the institutions other than the com-
12 prehensive cooperative education institution to
13 develop and expand an existing program of co-
14 operative education, or (ii) establish and im-
15 prove or expand comprehensive cooperative edu-
16 cation programs; and

17 “(F) encourage model cooperative edu-
18 cation programs in the fields of science and
19 mathematics for women and minorities who are
20 underrepresented in such fields

21 from the amounts available in each fiscal year under
22 section 802(b)(4); and

23 “(3) the conduct of research relating to cooper-
24 ative education, from the amounts available in each
25 fiscal year under section 802(b)(5).

1 “(b) ADMINISTRATIVE PROVISION.—

2 “(1) IN GENERAL.—To carry out this section,
3 the Secretary may—

4 “(A) make grants to or contracts with in-
5 stitutions of higher education, or combinations
6 of such institutions; and

7 “(B) make grants to or contracts with
8 other public or private nonprofit agencies or or-
9 ganizations, whenever such grants or contracts
10 will make an especially significant contribution
11 to attaining the objectives of this section.

12 “(2) LIMITATION.—

13 “(A) The Secretary may not use more than
14 3 percent of the amount appropriated to carry
15 out this section in each fiscal year to enter into
16 contracts described in paragraph (1)(A).

17 “(B) The Secretary may use not more
18 than 3 percent of the amount appropriated to
19 carry out this section in each fiscal year to
20 enter into contracts described in paragraph
21 (1)(B).

22 “(c) SUPPLEMENT NOT SUPPLANT.—A recipient of
23 a grant or contract under this section may use the funds
24 provided only so as to supplement and, to the extent pos-
25 sible, increase the level of funds that would, in the absence

1 of such funds, be made available from non-Federal sources
2 to carry out the activities supported by such grant or con-
3 tract, and in no case to supplant such funds from non-
4 Federal sources.”.

5 **TITLE III—ENSURING A HIGHLY**
6 **QUALIFIED TEACHER IN**
7 **EVERY CLASSROOM**

8 **PART A—TEACH GRANTS**

9 **SEC. 301. TEACH GRANTS.**

10 Part A of title IV (20 U.S.C. 1070a et seq.) is
11 amended by adding at the end the following new subpart:

12 **“Subpart 9—TEACH Grants**

13 **“SEC. 420L. PROGRAM ESTABLISHED.**

14 “(a) PROGRAM AUTHORITY.—

15 “(1) PAYMENTS REQUIRED.—The Secretary
16 shall pay to each eligible institution such sums as
17 may be necessary to pay to each eligible student (de-
18 fined in accordance with section 484) who files an
19 application and agreement in accordance with sec-
20 tion 420M, and who qualifies—

21 “(A) under paragraph (2) of section
22 420M(a), a TEACH Grant in the amount of
23 \$4,000 for each academic year during which
24 that student is in attendance at the institution;
25 and

1 “(B) under paragraphs (2) and (3) of sec-
2 tion 420M(a), a Bonus TEACH Grant in the
3 amount of \$500 (in addition to the amount of
4 the TEACH Grant under subparagraph (A))
5 for each academic year during which that stu-
6 dent so qualifies.

7 “(2) REFERENCE.—Grants made under—

8 “(A) paragraph (1)(A) shall be known as
9 ‘Teacher Education Assistance for College and
10 Higher Education Grants’ or ‘TEACH Grants’;
11 and

12 “(B) paragraph (1)(B) shall be known as
13 Bonus TEACH Grants.

14 “(b) PAYMENT METHODOLOGY.—

15 “(1) PREPAYMENT.—Not less than 85 percent
16 of any funds provided to an institution under sub-
17 section (a) shall be advanced to eligible institutions
18 prior to the start of each payment period and shall
19 be based upon an amount requested by the institu-
20 tion as needed to pay eligible students until such
21 time as the Secretary determines and publishes in
22 the Federal Register with an opportunity for com-
23 ment, an alternative payment system that provides
24 payments to institutions in an accurate and timely
25 manner, except that this sentence shall not be con-

1 strued to limit the authority of the Secretary to
2 place an institution on a reimbursement system of
3 payment.

4 “(2) DIRECT PAYMENT.—Nothing in this sec-
5 tion shall be interpreted to prohibit the Secretary
6 from paying directly to students, in advance of the
7 beginning of the academic term, an amount for
8 which they are eligible, in cases where the eligible in-
9 stitution elects not to participate in the disburse-
10 ment system required by paragraph (1).

11 “(3) DISTRIBUTION OF GRANTS TO STU-
12 DENTS.—Payments under this subpart shall be
13 made, in accordance with regulations promulgated
14 by the Secretary for such purpose, in such manner
15 as will best accomplish the purposes of this subpart.
16 Any disbursement allowed to be made by crediting
17 the student’s account shall be limited to tuition and
18 fees and, in the case of institutionally-owned hous-
19 ing, room and board. The student may elect to have
20 the institution provide other such goods and services
21 by crediting the student’s account.

22 “(c) REDUCTIONS IN AMOUNT.—

23 “(1) PART-TIME STUDENTS.—In any case
24 where a student attends an institution of higher edu-
25 cation on less than a full-time basis (including a stu-

1 dent who attends an institution of higher education
2 on less than a half-time basis) during any academic
3 year, the amount of a grant under this subpart for
4 which that student is eligible shall be reduced in
5 proportion to the degree to which that student is not
6 attending on a full-time basis, in accordance with a
7 schedule of reductions established by the Secretary
8 for the purposes of this subpart, computed in ac-
9 cordance with this subpart. Such schedule of reduc-
10 tions shall be established by regulation and pub-
11 lished in the Federal Register in accordance with
12 section 482 of this Act.

13 “(2) NO EXCEEDING COST.—The amount of a
14 grant awarded under this subpart, in combination
15 with Federal assistance and other student assist-
16 ance, shall not exceed the cost of attendance (as de-
17 fined in section 472) at the institution at which that
18 student is in attendance. If, with respect to any stu-
19 dent, it is determined that the amount of a TEACH
20 Grant or a Bonus TEACH Grant exceeds the cost
21 of attendance for that year, the amount of the
22 TEACH Grant or Bonus TEACH Grant, respec-
23 tively, shall be reduced until such grant does not ex-
24 ceed the cost of attendance at such institution.

25 “(d) PERIOD OF ELIGIBILITY FOR GRANTS.—

1 “(1) UNDERGRADUATE STUDENTS.—The period
2 during which an undergraduate student may receive
3 grants under this subpart shall be the period re-
4 quired for the completion of the first undergraduate
5 baccalaureate course of study being pursued by that
6 student at the institution at which the student is in
7 attendance except that—

8 “(A) any period during which the student
9 is enrolled in a noncredit or remedial course of
10 study as defined in paragraph (3) shall not be
11 counted for the purpose of this paragraph; and

12 “(B) the total amount that a student may
13 receive under this subpart for undergraduate
14 study shall not exceed \$16,000 with respect to
15 a student who receives only TEACH Grants,
16 and \$18,000 with respect to a student who re-
17 ceives TEACH Grants and Bonus TEACH
18 Grants.

19 “(2) GRADUATE STUDENTS.—The period dur-
20 ing which a graduate student may receive grants
21 under this subpart shall be the period required for
22 the completion of a master’s degree course of study
23 being pursued by that student at the institution at
24 which the student is in attendance, except that the
25 total amount that a student may receive under this

1 subpart for graduate study shall not exceed \$8,000
2 with respect to a student who receives only TEACH
3 Grants, and \$10,000 with respect to a student who
4 receives TEACH Grants and Bonus TEACH
5 Grants.

6 “(3) REMEDIAL COURSE; STUDY ABROAD.—
7 Nothing in this section shall exclude from eligibility
8 courses of study which are noncredit or remedial in
9 nature (including courses in English language acqui-
10 sition) which are determined by the institution to be
11 necessary to help the student be prepared for the
12 pursuit of a first undergraduate baccalaureate de-
13 gree or certificate or, in the case of courses in
14 English language instruction, to be necessary to en-
15 able the student to utilize already existing knowl-
16 edge, training, or skills. Nothing in this section shall
17 exclude from eligibility programs of study abroad
18 that are approved for credit by the home institution
19 at which the student is enrolled.

20 **“SEC. 420M. ELIGIBILITY; APPLICATIONS; SELECTION.**

21 “(a) APPLICATIONS; DEMONSTRATION OF ELIGI-
22 BILITY.—

23 “(1) FILING REQUIRED.—The Secretary shall
24 from time to time set dates by which students shall
25 file applications for grants under this subpart. Each

1 student desiring a grant under this subpart for any
2 year shall file an application containing such infor-
3 mation and assurances as the Secretary may deem
4 necessary to enable the Secretary to carry out the
5 functions and responsibilities of this subpart.

6 “(2) DEMONSTRATION OF TEACH GRANT ELIGI-
7 BILITY.—Each application submitted under para-
8 graph (1) for a TEACH Grant shall contain such in-
9 formation as is necessary to demonstrate that—

10 “(A) if the applicant is an enrolled stu-
11 dent—

12 “(i) the student is an eligible student
13 for purposes of section 484;

14 “(ii) the student—

15 “(I) has a grade point average
16 that is determined, under standards
17 prescribed by the Secretary, to be
18 comparable to a 3.25 average on a
19 zero to 4.0 scale, except that, if the
20 student is in the first year of a pro-
21 gram of undergraduate education,
22 such grade point average shall be de-
23 termined on the basis of the student’s
24 cumulative high school grade point av-
25 erage; or

1 “(II) displayed high academic ap-
2 titude by receiving a score above the
3 75th percentile on at least one of the
4 batteries in an undergraduate or
5 graduate school admissions test; and

6 “(iii) the student is completing
7 coursework and other requirements nec-
8 essary to begin a career in teaching, or
9 plans to complete such coursework and re-
10 quirements prior to graduating; or

11 “(B) if the applicant is a current or pro-
12 spective teacher applying for a grant to obtain
13 a graduate degree—

14 “(i) the applicant is a teacher or a re-
15 tiree from another occupation with exper-
16 tise in a field in which there is a shortage
17 of teachers, such as math, science, special
18 education, English language acquisition, or
19 another high-need subject; or

20 “(ii) the applicant is or was a teacher
21 who is using high-quality alternative cer-
22 tification routes, such as Teach for Amer-
23 ica, to get certified.

24 “(3) DEMONSTRATION OF BONUS TEACH GRANT
25 ELIGIBILITY.—Each application submitted under

1 paragraph (1) for a Bonus TEACH Grant shall con-
2 tain such information as is necessary to demonstrate
3 that the applicant is—

4 “(A) eligible for, and has applied for, a
5 TEACH Grant; and

6 “(B) the applicant is a student enrolled in
7 a qualified teacher preparation program, as de-
8 fined in section 420N.

9 “(b) AGREEMENTS TO SERVE.—Each application
10 under subsection (a) shall contain or be accompanied by
11 an agreement by the applicant that—

12 “(1) the applicant will—

13 “(A) serve as a full-time teacher for a total
14 of not less than 4 academic years within 8
15 years after completing the course of study for
16 which the applicant received a TEACH Grant
17 under this subpart;

18 “(B) teach in a school described in section
19 465(a)(2)(A);

20 “(C) with respect to an applicant for—

21 “(i) TEACH Grants, teach in any of
22 the following fields: mathematics, science,
23 a foreign language, bilingual education, or
24 special education, or as a reading spe-
25 cialist, or another field documented as

1 high-need by the Federal Government,
2 State government, or local education agen-
3 cy and approved by the Secretary; or

4 “(ii) TEACH Grants and Bonus
5 TEACH Grants, teach mathematics,
6 science, or a science-related field;

7 “(D) submit evidence of such employment
8 in the form of a certification by the chief ad-
9 ministrative officer of the school upon comple-
10 tion of each year of such service; and

11 “(E) comply with the requirements for
12 being a highly qualified teacher as defined in
13 section 9101 of the Elementary and Secondary
14 Education Act of 1965; and

15 “(2) in the event that the applicant is deter-
16 mined to have failed or refused to carry out such
17 service obligation, the sum of the amounts of any
18 TEACH Grants and Bonus TEACH Grants received
19 by such applicant will be treated as a loan and col-
20 lected from the applicant in accordance with sub-
21 section (c) and the regulations thereunder.

22 “(c) REPAYMENT FOR FAILURE TO COMPLETE SERV-
23 ICE.—In the event that any recipient of a grant under this
24 subpart fails or refuses to comply with the service obliga-
25 tion in the agreement under subsection (b), the sum of

1 the amounts of any TEACH Grants and Bonus TEACH
2 Grants received by such recipient shall be treated as a Di-
3 rect Loan under part D of title IV, and shall be subject
4 to repayment, together with interest thereon accruing
5 after the period of service, in accordance with terms and
6 conditions specified by the Secretary in regulations under
7 this subpart.

8 **“SEC. 420N. DEFINITIONS.**

9 “For the purposes of this subpart:

10 “(1) ELIGIBLE INSTITUTION.—The term ‘eligi-
11 ble institution’ means an institution of higher edu-
12 cation as defined in section 102.

13 “(2) QUALIFIED TEACHER PREPARATION PRO-
14 GRAM.—The term ‘qualified teacher preparation pro-
15 gram’ means a program for students and teachers
16 described in subsection (a)(3) of section 420M (re-
17 ferred to jointly in this paragraph as ‘teacher can-
18 didates’) that—

19 “(A) recruits and prepares teacher can-
20 didates who major in science, technology fields,
21 special education, foreign language, engineer-
22 ing, or mathematics disciplines to become cer-
23 tified as elementary and secondary teachers in
24 those disciplines, special education teachers, or
25 teachers of English Language Learners, with

1 the goals of improving teacher knowledge and
2 effectiveness and increasing elementary and sec-
3 ondary student academic achievement;

4 “(B) is implemented by an institution of
5 higher education in partnership with high-need
6 local educational agencies;

7 “(C) offers a baccalaureate degree with a
8 concurrent teacher certification to teacher can-
9 didates;

10 “(D) is implemented in coordination with
11 the faculty of the relevant departments of the
12 institution of higher education;

13 “(E) utilizes experienced teachers who
14 have a demonstrated record of success in teach-
15 ing underserved students to instruct teacher
16 candidates in the disciplines described in sub-
17 paragraph (A);

18 “(F) provides teacher candidates with—

19 “(i) support services, including men-
20 toring by experienced teachers who have a
21 demonstrated record of success in teaching
22 underserved students;

23 “(ii) exposure to, and field experience
24 in, the classroom within the first year of

1 entering the qualified teacher preparation
2 program; and

3 “(iii) other related support practices
4 while the teacher candidates are partici-
5 pating in the program, and after such can-
6 didates graduate from the institution of
7 higher education and are employed as
8 teachers;

9 “(G) participates in partnerships which in-
10 clude the institution of higher education and
11 local educational agencies and charter districts
12 to provide opportunities for teacher candidate
13 field work;

14 “(H) focuses on increasing the number of
15 teachers in the disciplines described in subpara-
16 graph (A); and

17 “(I) encourages individuals from underrep-
18 resented populations to enter into the teaching
19 profession.

20 **“SEC. 4200. PROGRAM PERIOD AND FUNDING.**

21 “There shall be available to the Secretary to carry
22 out this subpart, from funds not otherwise appropriated,
23 such sums as may be necessary to provide TEACH Grants
24 and Bonus TEACH Grants in accordance with this sub-
25 part to each eligible student.”.

1 **PART B—CENTERS OF EXCELLENCE**

2 **SEC. 311. CENTERS OF EXCELLENCE.**

3 Title II (20 U.S.C. 1021 et seq.) is amended by add-
4 ing at the end the following:

5 **“PART C—CENTERS OF EXCELLENCE**

6 **“SEC. 231. DEFINITIONS.**

7 “As used in this part:

8 “(1) ELIGIBLE INSTITUTION.—The term ‘eligi-
9 ble institution’ means—

10 “(A) an institution of higher education
11 that has a teacher preparation program that
12 meets the requirements of section 203(b)(2)
13 and that is—

14 “(i) a part B institution (as defined in
15 section 322);

16 “(ii) a Hispanic-serving institution (as
17 defined in section 502);

18 “(iii) a Tribal College or University
19 (as defined in section 316);

20 “(iv) an Alaska Native-serving institu-
21 tion (as defined in section 317(b)); or

22 “(v) a Native Hawaiian-serving insti-
23 tution (as defined in section 317(b));

24 “(B) a consortium of institutions described
25 in subparagraph (A); or

1 “(C) an institution described in subpara-
2 graph (A), or a consortium described in sub-
3 paragraph (B), in partnership with any other
4 institution of higher education, but only if the
5 center of excellence established under section
6 232 is located at an institution described in
7 subparagraph (A).

8 “(2) HIGHLY QUALIFIED.—The term ‘highly
9 qualified’ when used with respect to an individual
10 means that the individual is highly qualified as de-
11 termined under section 9101 of the Elementary and
12 Secondary Education Act of 1965 (20 U.S.C. 7801)
13 or section 602 of the Individuals with Disabilities
14 Education Act (20 U.S.C. 1401).

15 “(3) SCIENTIFICALLY BASED READING RE-
16 SEARCH.—The term ‘scientifically based reading re-
17 search’ has the meaning given such term in section
18 1208 of the Elementary and Secondary Education
19 Act of 1965 (20 U.S.C. 6368).

20 “(4) SCIENTIFICALLY BASED RESEARCH.—The
21 term ‘scientifically based research’ has the meaning
22 given such term in section 9101 of the Elementary
23 and Secondary Education Act of 1965 (20 U.S.C.
24 7801).

1 **“SEC. 232. CENTERS OF EXCELLENCE.**

2 “(a) PROGRAM AUTHORIZED.—From the amounts
3 appropriated to carry out this part, the Secretary is au-
4 thorized to award competitive grants to eligible institu-
5 tions to establish centers of excellence.

6 “(b) USE OF FUNDS.—Grants provided by the Sec-
7 retary under this part shall be used to ensure that current
8 and future teachers are highly qualified, by carrying out
9 one or more of the following activities:

10 “(1) Implementing reforms within teacher prep-
11 aration programs to ensure that such programs are
12 preparing teachers who are highly qualified, are able
13 to understand scientifically based research, and are
14 able to use advanced technology effectively in the
15 classroom, including use for instructional techniques
16 to improve student academic achievement, by—

17 “(A) retraining faculty; and

18 “(B) designing (or redesigning) teacher
19 preparation programs that—

20 “(i) prepare teachers to close student
21 achievement gaps, are based on rigorous
22 academic content, scientifically based re-
23 search (including scientifically based read-
24 ing research), and challenging State stu-
25 dent academic content standards; and

26 “(ii) promote strong teaching skills.

1 “(2) Providing sustained and high-quality
2 preservice clinical experience, including the men-
3 toring of prospective teachers by exemplary teachers,
4 substantially increasing interaction between faculty
5 at institutions of higher education and new and ex-
6 perience teachers, principals, and other administra-
7 tors at elementary schools or secondary schools, and
8 providing support, including preparation time, for
9 such interaction.

10 “(3) Developing and implementing initiatives to
11 promote retention of highly qualified teachers and
12 principals, including minority teachers and prin-
13 cipals, including programs that provide—

14 “(A) teacher or principal mentoring from
15 exemplary teachers or principals; or

16 “(B) induction and support for teachers
17 and principals during their first 3 years of em-
18 ployment as teachers or principals, respectively.

19 “(4) Awarding scholarships based on financial
20 need to help students pay the costs of tuition, room,
21 board, and other expenses of completing a teacher
22 preparation program.

23 “(5) Disseminating information on effective
24 practices for teacher preparation and successful

1 teacher certification and licensure assessment prepa-
2 ration strategies.

3 “(6) Activities authorized under sections 202,
4 203, and 204.

5 “(c) APPLICATION.—Any eligible institution desiring
6 a grant under this section shall submit an application to
7 the Secretary at such a time, in such a manner, and ac-
8 companied by such information the Secretary may require.

9 “(d) MINIMUM GRANT AMOUNT.—The minimum
10 amount of each grant under this part shall be \$500,000.

11 “(e) LIMITATION ON ADMINISTRATIVE EXPENSES.—
12 An eligible institution that receives a grant under this part
13 may not use more than 2 percent of the grant funds for
14 purposes of administering the grant.

15 “(f) REGULATIONS.—The Secretary shall prescribe
16 such regulations as may be necessary to carry out this
17 part.

18 **“SEC. 233. APPROPRIATIONS.**

19 “There shall be available to the Secretary, from funds
20 not otherwise appropriated, \$50,000,000 for the period
21 beginning with fiscal year 2008 and ending with fiscal
22 year 2012, to carry out this part beginning with academic
23 year 2008–2009, which shall remain available until ex-
24 pended. The authority to carry out this part shall expire
25 at the end of fiscal year 2012.”.

1 **TITLE IV—LEVERAGING FUNDS**
2 **TO INCREASE COLLEGE ACCESS**

3 **PART A—STRENGTHENING HISTORICALLY**
4 **BLACK COLLEGES AND UNIVERSITIES AND**
5 **OTHER MINORITY-SERVING INSTITUTIONS**

6 **SEC. 401. INVESTMENT IN HISTORICALLY BLACK COL-**
7 **LEGES AND UNIVERSITIES AND OTHER MI-**
8 **NORITY-SERVING INSTITUTION.**

9 Title IV is amended by adding at the end the fol-
10 lowing new part:

11 **“PART I—STRENGTHENING HISTORICALLY**
12 **BLACK COLLEGES AND UNIVERSITIES AND**
13 **OTHER MINORITY-SERVING INSTITUTIONS**

14 **“SEC. 499A. INVESTMENT IN HISTORICALLY BLACK COL-**
15 **LEGES AND UNIVERSITIES AND OTHER MI-**
16 **NORITY-SERVING INSTITUTION.**

17 “(a) **ELIGIBLE INSTITUTION.**—An institution of
18 higher education is eligible to receive funds from the
19 amounts made available under this section if such institu-
20 tion is—

21 “(1) a part B institution (as defined in section
22 322 of the Higher Education Act of 1965 (20
23 U.S.C. 1061));

24 “(2) a Hispanic-serving institution (as defined
25 in section 502 of such Act (20 U.S.C. 1101a));

1 “(3) a Tribal College or University (as defined
2 in section 316 of such Act (20 U.S.C. 1059c));

3 “(4) an Alaska Native-serving institution or a
4 Native Hawaiian-serving institution (as defined in
5 section 317(b) of such Act (20 U.S.C. 1059d(b));

6 “(5) a Predominantly Black Institution(as de-
7 fined in subsection (c)); or

8 “(6) an Asian and Pacific Islander-serving in-
9 stitution (as defined in subsection (c)).

10 “(b) NEW INVESTMENT OF FUNDS.—

11 “(1) IN GENERAL.—There shall be available to
12 the Secretary to carry out this section, from funds
13 not otherwise appropriated, \$100,000,000 for each
14 of the fiscal years 2008 through 2012. The authority
15 to carry out this section shall expire at the close of
16 fiscal year 2012.

17 “(2) ALLOCATION AND ALLOTMENT.—

18 “(A) IN GENERAL.—Of the amounts made
19 available under paragraph (1) for any fiscal
20 year—

21 “(i) 40 percent shall be available for
22 allocation under subparagraph (B);

23 “(ii) 40 percent shall be available for
24 allocation under subparagraph (C); and

1 “(iii) 20 percent shall be available for
2 allocation under subparagraph (D).

3 “(B) HSI STEM PROGRAM.—The amount
4 made available for allocation under this sub-
5 paragraph by subparagraph (A)(i) for any fiscal
6 year shall be available for Hispanic-serving In-
7 stitutions for activities described in section 503
8 with a priority for applications that propose to
9 increase the number of Hispanic and other low
10 income students attaining degrees in the fields
11 of science, technology, engineering and mathe-
12 matics and to applications that propose to de-
13 velop model transfer and articulation between
14 2-year Hispanic-serving institutions and 4-year
15 institutions in such fields.

16 “(C) ALLOCATION AND ALLOTMENT HBCUS
17 AND PBIS.—From the amount made available
18 for allocation under this subparagraph by sub-
19 paragraph (A)(ii) for any fiscal year—

20 “(i) \$34,000,000 shall be available to
21 eligible institutions described in subsection
22 (a)(1) and shall be made available as
23 grants under section 323 of the Higher
24 Education Act of 1965 and allotted among
25 such institutions under section 324 of such

1 Act, treating such amount, plus the
2 amount appropriated for such fiscal year
3 in a regular or supplemental appropriation
4 Act to carry out part B of title III of such
5 Act, as the amount appropriated to carry
6 out part B of title III of such Act for pur-
7 poses of allotments under section 324 of
8 such Act, for use by such institutions with
9 a priority for—

10 “(I) purposes described in para-
11 graphs (1), (2), (4), (5), and (10) of
12 section 323(a) of such Act; and

13 “(II) other activities, consistent
14 with the institution’s comprehensive
15 plan and designed to increase the col-
16 lege or university’s capacity to pre-
17 pare students for careers in the phys-
18 ical and natural sciences, mathe-
19 matics, computer science and informa-
20 tion technology/sciences, engineering,
21 language instruction in the less-com-
22 monly taught languages and inter-
23 national affairs, and nursing and al-
24 lied health; and

1 “(ii) \$6,000,000 shall be available to
2 eligible institutions described in subsection
3 (a)(5) and shall be available for a competi-
4 tive grant program that would award 10
5 grants of \$600,000 annually for programs
6 in the following areas: science, technology,
7 engineering or mathematics (STEM);
8 health education; internationalization or
9 globalization; teacher preparation; or im-
10 proving educational outcomes of African
11 American males; and

12 “(D) ALLOCATION AND ALLOTMENT TO
13 OTHER MINORITY-SERVING INSTITUTIONS.—
14 From the amount made available for allocation
15 under this subparagraph by subparagraph
16 (A)(iii) for any fiscal year (in this subpara-
17 graph referred to as the ‘allocable amount’)—

18 “(i) 60 percent of the allocable
19 amount for such fiscal year shall be avail-
20 able to eligible institutions described in
21 subsection (a)(3) and shall be made avail-
22 able as grants under section 316 of such
23 Act, treating such 60 percent of the allo-
24 cable amount as part of the amount appro-
25 priated for such fiscal year in a regular or

1 supplemental appropriation Act to carry
2 out such section, and using such 60 per-
3 cent for purposes described in subsection
4 (c) of such section;

5 “(ii) 30 percent of the allocable
6 amount for such fiscal year shall be avail-
7 able to eligible institutions described in
8 subsection (a)(4) and shall be made avail-
9 able as grants under section 317 of such
10 Act, treating such 30 percent of the allo-
11 cable amount as part of the amount appro-
12 priated for such fiscal year in a regular or
13 supplemental appropriation Act to carry
14 out such section and using such 60 percent
15 for purposes described in subsection (a) of
16 such section; and

17 “(iii) 10 percent of the allocable
18 amount for such fiscal year shall be avail-
19 able to eligible institutions described in
20 subsection (a)(6) for activities described in
21 section 311(c) of such Act.

22 “(c) DEFINITIONS.—

23 “(1) PREDOMINANTLY BLACK INSTITUTION.—
24 The term ‘Predominantly Black institution’ means
25 an institution of higher education that—

1 “(A) has an enrollment of needy under-
2 graduate students as required and defined by
3 paragraph (2);

4 “(B) has an average educational and gen-
5 eral expenditure which is low, per full-time
6 equivalent undergraduate student in comparison
7 with the average educational and general ex-
8 penditure per full-time equivalent under-
9 graduate student of institutions that offer simi-
10 lar instruction, except that the Secretary may
11 apply the waiver requirements described in sec-
12 tion 392(b) to this subparagraph in the same
13 manner as the Secretary applies the waiver re-
14 quirements to section 312(b)(1)(B);

15 “(C) has an enrollment of undergraduate
16 students—

17 “(i) that is at least 40 percent Black
18 American students;

19 “(ii) that is at least 1,000 under-
20 graduate students;

21 “(iii) of which not less than 50 per-
22 cent of the undergraduate students en-
23 rolled at the institution are low-income in-
24 dividuals or first-generation college stu-

1 dents (as that term is defined in section
2 402A(g)); and

3 “(iv) of which not less than 50 per-
4 cent of the undergraduate students are en-
5 rolled in an educational program leading to
6 a bachelor’s or associate’s degree that the
7 institution is licensed to award by the
8 State in which it is located;

9 “(D) is legally authorized to provide, and
10 provides within the State, an educational pro-
11 gram for which the institution of higher edu-
12 cation awards a bachelors degree, or in the case
13 of a junior or community college, an associate’s
14 degree;

15 “(E) is accredited by a nationally recog-
16 nized accrediting agency or association deter-
17 mined by the Secretary to be a reliable author-
18 ity as to the quality of training offered, or is,
19 according to such an agency or association,
20 making reasonable progress toward accredita-
21 tion; and

22 “(F) is not receiving assistance under part
23 B of title III.

24 “(2) ENROLLMENT OF NEEDY STUDENTS.—

25 The term ‘enrollment of needy students’ means the

1 enrollment at an eligible institution with respect to
2 which not less than 50 percent of the undergraduate
3 students enrolled in an academic program leading to
4 a degree—

5 “(A) in the second fiscal year preceding
6 the fiscal year for which the determination is
7 made, were Federal Pell Grant recipients for
8 such year;

9 “(B) come from families that receive bene-
10 fits under a means-tested Federal benefits pro-
11 gram (as defined in paragraph (4));

12 “(C) attended a public or nonprofit private
13 secondary school—

14 “(i) that is in the school district of a
15 local educational agency that was eligible
16 for assistance under part A of title I of the
17 Elementary and Secondary Education Act
18 of 1965 for any year during which the stu-
19 dent attended such secondary school; and

20 “(ii) which for the purpose of this
21 paragraph and for that year was deter-
22 mined by the Secretary (pursuant to regu-
23 lations and after consultation with the
24 State educational agency of the State in
25 which the school is located) to be a school

1 in which the enrollment of children counted
2 under section 1113(a)(5) of such Act ex-
3 ceeds 30 percent of the total enrollment of
4 such school; or

5 “(D) are first-generation college students
6 as that term is defined in section 402A(g), and
7 a majority of such first-generation college stu-
8 dents are low-income individuals.

9 “(3) LOW-INCOME INDIVIDUAL.—The term
10 ‘low-income individual’ has the meaning given such
11 term in section 402A(g).

12 “(4) MEANS-TESTED FEDERAL BENEFIT PRO-
13 GRAM.—The term ‘means-tested Federal benefit pro-
14 gram’ means a program of the Federal Government,
15 other than a program under title IV, in which eligi-
16 bility for the programs’ benefits, or the amount of
17 such benefits, or both, are determined on the basis
18 of income or resources of the individual or family
19 seeking the benefit.

20 “(5) ASIAN AMERICAN AND PACIFIC ISLANDER-
21 SERVING INSTITUTION.—The term ‘Asian American
22 and Pacific Islander-serving institution’ means an
23 institution of higher education that—

24 “(A) is an eligible institution under section
25 312(b); and

1 “(B) at the time of application, has an en-
2 rollment of undergraduate students that is at
3 least 10 percent Asian American and Pacific Is-
4 lander students from subgroups with low levels
5 of college degree attainment.

6 “(6) ASIAN AMERICAN.—The term ‘Asian
7 American’ has the meaning given the term Asian in
8 the Office of Management and Budget’s Standards
9 for Maintaining, Collecting, and Presenting Federal
10 Data on Race and Ethnicity as published on October
11 30, 1997 (62 Fed. Reg. 58789).

12 “(7) PACIFIC ISLANDER.—The term ‘Pacific Is-
13 lander’ has the meaning given the term ‘Native Ha-
14 waiian’ or ‘Other Pacific Islander’ in such Stand-
15 ards for Maintaining, Collecting, and Presenting
16 Federal Data on Race and Ethnicity.

17 “(8) LOW LEVELS OF COLLEGE DEGREE AT-
18 TAINMENT.—The term ‘low levels of college degree
19 attainment’ mean college degree attainment that is
20 less than 20 percent for adults ages 25 through 29
21 as reported by the National Center for Educational
22 Statistics.

23 “(d) TERMINATION OF AUTHORITY.—The authority
24 to carry out this section expires at the close of fiscal year
25 2012.”.

1 **PART B—COLLEGE ACCESS CHALLENGE GRANTS**

2 **SEC. 411. COLLEGE ACCESS CHALLENGE GRANTS.**

3 (a) CHALLENGE GRANT PROGRAM ESTABLISHED.—

4 (1) PROGRAM ESTABLISHED.—The Secretary
5 shall establish a program to award matching grants
6 to philanthropic organizations to increase the num-
7 ber of eligible students from underserved populations
8 who enter and complete college by providing grants
9 to philanthropic organizations who are members of
10 eligible consortia to carry out the activities of the
11 consortia to achieve this purpose, including—

12 (A) providing need-based grants to eligible
13 students;

14 (B) providing support to eligible students
15 through school- or institution-based mentoring
16 programs; and

17 (C) conducting outreach programs to en-
18 courage eligible students to pursue higher edu-
19 cation.

20 (2) GRANT PERIOD; RENEWABILITY.—Grants
21 under this section shall be awarded for one 5-year
22 period, and may not be renewed.

23 (3) GRANT AMOUNTS.—

24 (A) IN GENERAL.—A grant awarded under
25 this part for a given fiscal year to a philan-

1 thropic organization shall be in an amount
2 equal to lesser of—

3 (i) 200 percent of the amount of char-
4 itable gifts received in the preceding fiscal
5 year by the eligible consortia, including
6 charitable gifts received by the individual
7 members of the consortia; or

8 (ii) the maximum grant amount estab-
9 lished by the Secretary by regulation, pur-
10 suant to subsection (f).

11 (B) GIFTS PROVIDED IN CASH OR IN-
12 KIND.—For the purposes of subparagraph (A),
13 the charitable gifts received by an eligible con-
14 sortia and its members may be provided in cash
15 or in-kind, including physical non-cash con-
16 tributions of monetary value such as property,
17 facilities, and equipment, but excluding services.

18 (b) USES OF GRANT.—

19 (1) IN GENERAL.—A philanthropic organization
20 receiving a grant under this section shall—

21 (A) provide grants to eligible students; and

22 (B) distribute grants to members of the
23 consortia with which the philanthropic organiza-
24 tion is affiliated, in accordance with the plan
25 described in subsection (c)(2)(A), to fund the

1 activities of such consortia in accordance with
2 the application under subsection (c).

3 (2) LIMITATION.—Not more than 15 percent of
4 the funds made available annually through a grant
5 under this section may be used for administrative
6 purposes.

7 (c) APPLICATIONS.—A philanthropic organization de-
8 siring a grant under this section shall submit an applica-
9 tion to the Secretary at such time, in such manner, and
10 containing such information as the Secretary may require.
11 Such application shall include the following:

12 (1) A description of an eligible consortia that
13 meets the requirements of subsection (d), with which
14 the philanthropic organization is affiliated, in ac-
15 cordance with subsection (g).

16 (2) A detailed description of—

17 (A) the philanthropic organization's plans
18 for distributing the matching grant funds
19 among the members of the eligible consortia;
20 and

21 (B) the eligible consortia's plans for using
22 the matching grant funds, including how the
23 funds will be used to provide financial aid, men-
24 toring, and outreach programs to eligible stu-
25 dents.

1 (3) A plan to ensure the viability of the eligible
2 consortia and the work of the consortia beyond the
3 grant period.

4 (4) A detailed description of the activities that
5 carry out this section that are conducted by the eli-
6 gible consortia at the time of the application, and
7 how the matching grant funds will assist the eligible
8 consortia with expanding and enhancing such activi-
9 ties.

10 (5) A description of the organizational structure
11 that will be used to administer the activities carried
12 out under the plan, including a description of the
13 system used to track the participation of students
14 who receive grants to degree completion.

15 (6) A description of the strategies that will be
16 used to identify eligible students who are enrolled in
17 secondary school and who may benefit from the ac-
18 tivities of the eligible consortia.

19 (d) ELIGIBLE CONSORTIA.—An eligible consortia
20 with which a philanthropic organization is affiliated for
21 the program under this section shall—

22 (1) be a partnership of multiple entities that
23 have agreed to work together carry out this section,
24 including—

1 (A) such philanthropic organization, which
2 shall serve as the manager of the consortia;

3 (B) a State that demonstrates a commit-
4 ment to ensuring the creation of a Statewide
5 system to address the issues of early interven-
6 tion and financial support for eligible students
7 to enter and remain in college; and

8 (C) at the discretion of the philanthropic
9 organization described in subparagraph (A), ad-
10 ditional partners, including other non-profit or-
11 ganizations, government entities (including local
12 municipalities, school districts, cities, and coun-
13 ties), institutions of higher education, and other
14 public or private programs that provide men-
15 toring or outreach programs; and

16 (2) conducts activities to assist eligible students
17 with entering and remaining in college, which in-
18 clude—

19 (A) providing need-based grants to eligible
20 students;

21 (B) providing early notification to low-in-
22 come students of their potential eligibility for
23 Federal financial aid (which may include assist-
24 ing students and families with filling out
25 FAFSA forms), as well as financial aid and

1 other support available from the eligible con-
2 sortia;

3 (C) encouraging increased eligible student
4 participation in higher education through men-
5 toring or outreach programs; and

6 (D) conducting marketing and outreach ef-
7 forts that are designed to—

8 (i) encourage full participation of eli-
9 gible students in the activities of the con-
10 sortia that carry out the purposes of this
11 section; and

12 (ii) provide the communities impacted
13 by the activities of the consortia with a
14 general knowledge about the efforts of the
15 consortia.

16 (e) ANNUAL REPORT.—A philanthropic organization
17 receiving a grant under this section shall prepare and sub-
18 mit an annual report to the Secretary on the activities car-
19 ried out with such grant. The report shall include—

20 (1) each activity that was provided to eligible
21 students over the course of the year;

22 (2) the cost of providing each such activity;

23 (3) the number and percentage of eligible stu-
24 dents who received grants, mentoring, and outreach
25 services; and

1 (4) the total amount of charitable gifts received
2 by the eligible consortia (including its members)
3 with which the philanthropic organization is affili-
4 ated for the fiscal year.

5 (f) REGULATIONS.—The Secretary shall promulgate
6 regulations to carry out this section. Such regulations
7 shall include—

8 (1) the maximum grant amount that may be
9 awarded to a philanthropic organization under this
10 section;

11 (2) the minimum amount of chartable gifts an
12 eligible consortia (including its members) shall re-
13 ceive in a fiscal year for the philanthropic organiza-
14 tion affiliated with such consortia to be eligible for
15 a grant under this section.

16 (g) DEFINITIONS.—For the purposes of this section:

17 (1) ELIGIBLE STUDENT.—The term “eligible
18 student” means an individual who—

19 (A) is a member of an underserved popu-
20 lation;

21 (B) is enrolled—

22 (i) in a secondary school pursuing a
23 high school diploma; or

1 (ii) in an institution of higher edu-
2 cation or is planning to attend an institu-
3 tion of higher education; and

4 (C) either—

5 (i) is receiving, or has received, finan-
6 cial assistance or support services from the
7 consortium; or

8 (ii) meets 2 or more of the following
9 criteria:

10 (I) Has an expected family con-
11 tribution equal to zero (as described
12 in section 479) or a comparable alter-
13 native based upon the State's ap-
14 proved criteria in section 415C(b)(4).

15 (II) Has qualified for a free
16 lunch, or at the State's discretion a
17 reduced price lunch, under the school
18 lunch program established under the
19 Richard B. Russell National School
20 Lunch Act.

21 (III) Qualifies for the State's
22 maximum need-based undergraduate
23 award.

24 (IV) Is participating in, or has
25 participated in, a Federal, State, in-

1 stitutional, or community mentoring
2 or outreach program, as recognized by
3 the eligible consortia carrying out ac-
4 tivities under this section.

5 (2) PHILANTHROPIC ORGANIZATION.—The term
6 “philanthropic organization” means a non-profit or-
7 ganization—

8 (A) that does not receive funds under title
9 IV of the Higher Education Act of 1965 or
10 under the Elementary and Secondary Education
11 Act of 1965;

12 (B) that is not a local educational agency
13 or an institution of higher education;

14 (C) that has a demonstrated record of dis-
15 persing grant aid to underserved populations to
16 ensure access to, and participation in, higher
17 education;

18 (D) that is affiliated with an eligible con-
19 sortia (as defined in subsection (e)) to carry out
20 this section; and

21 (E) the primary purpose of which is to
22 provide financial aid and support services to
23 students from underrepresented populations to
24 increase the number of such students who enter
25 and remain in college.

1 (3) STATE.—The term “State” means each of
2 the several States of the United States, the District
3 of Columbia, and Puerto Rico.

4 (4) UNDERSERVED POPULATION.—The term
5 “underserved population” means a group of individ-
6 uals who traditionally have not been well represented
7 in the general population of students who pursue
8 and successfully complete a higher education degree.

9 (h) PROGRAM FUNDING.—

10 (1) IN GENERAL.—There shall be available to
11 the Secretary to carry out this section, from funds
12 not otherwise appropriated, \$300,000,000 for the
13 period beginning with fiscal year 2008 and ending
14 with fiscal year 2012.

15 (2) USE OF EXCESS FUNDS.—If, at the end of
16 a fiscal year, the funds available for awarding grants
17 under this section exceed the amount necessary to
18 make such grants, then all of the excess funds shall
19 remain available for the subsequent fiscal year, and
20 shall be used to award grants under section 401 of
21 the Higher Education Act of 1965 (20 U.S.C.
22 1070a) for such subsequent fiscal year.

23 (i) SUNSET.—The authority to carry out this section
24 shall expire at the end of fiscal year 2012.