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H. R. 2669

[Report No. 110–210]

To provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008.

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2007

Mr. GEORGE MILLER of California (for himself and Mr. HINOJOSA) introduced the following bill; which was referred to the Committee on Education and Labor

JUNE 25, 2007

Additional sponsors: Ms. HIRONO, Mr. HARE, Ms. CLARKE, Ms. WOOLSEY, Mrs. DAVIS of California, Mr. SARBANES, Mr. BISHOP of New York, Mr. YARMUTH, Ms. SHEA-PORTER, Mr. SCOTT of Virginia, Mr. DAVIS of Illinois, Mr. TIERNEY, Ms. ZOE LOFGREN of California, Mr. WU, Mr. ELLISON, Ms. CARSON, Mr. KILDEE, Mr. ENGEL, Mr. VAN HOLLEN, Ms. DELAURO, Mr. KUCINICH, Ms. MCCOLLUM of Minnesota, Mr. LEWIS of Georgia, Ms. SCHAKOWSKY, Mr. STARK, Ms. MATSUI, Mrs. MALONEY of New York, Mr. PRICE of North Carolina, Ms. ESHOO, and Ms. KILPATRICK of Michigan

JUNE 25, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on June 12, 2007]

A BILL

To provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited to as the "College Cost Reduction Act of 2007".

(b) TABLE OF CONTENTS.—

SEC. 2. REFERENCES; EFFECTIVE DATE.

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

(b) EFFECTIVE DATE.—Except as otherwise expressly provided therein, the amendments made by this Act shall be effective on October 1, 2007.

TITLE I—INVESTING IN STUDENT AID

PART A—INCREASING THE PURCHASING POWER OF PELL GRANTS

SEC. 101. MANDATORY PELL GRANT INCREASES.

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

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

"(9) ADDITIONAL FUNDS.—

"(A) IN GENERAL.—There are authorized to be appropriated, and there are appropriated, to carry out subparagraph (B) of this paragraph (in addition to any other amounts appropriated to carry out this section and out of any money in the Treasury not otherwise appropriated) the following amounts:

"(i) $840,000,000 for fiscal year 2008;

"(ii) $870,000,000 for fiscal year 2009;

"(iii) $1,340,000,000 for fiscal year 2010;

"(iv) $2,280,000,000 for fiscal year 2011;

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

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

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

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

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

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

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

“(i) $200 for each of the award years 2008–2009 and 2009–2010;

“(ii) $300 for award year 2010–2011; and

"(iii) $500 for award year 2011–2012 and each subsequent award year.

"(C) USE OF FISCAL YEAR FUNDS FOR AWARD YEARS.—The amounts made available by subparagraph (A) for any fiscal year shall be available and remain available for use under subparagraph (B) for the award year that begins in such fiscal year.".

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

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

"(i) $7,600 for academic year 2008–2009;

"(ii) $8,600 for academic year 2009–2010;

"(iii) $9,600 for academic year 2010–2011;

"(iv) $10,600 for academic year 2011–2012; and

"(v) $11,600 for academic year 2012–2013,

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.".

(d) TUITION SENSITIVITY.—

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

(A) by striking paragraph (3); and

(B) by redesignating paragraphs (4) through (9) as paragraphs (3) through (8), respectively.

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

(e) MULTIPLE GRANTS.—

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

"(5) YEAR-ROUND PELL GRANTS.—The Secretary is authorized, for students enrolled in a baccalaureate degree, associate's degree, or certificate program of study at an eligible institution, to award such students not more than two Pell grants during an award year to permit such students to accelerate progress toward their degree or certificate objectives by enrolling in courses for more than 2 semesters, or 3 quarters, or the equivalent, in a given academic year.".

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

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

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

(2) by redesignating subsection (g) as subsection (h); and

(3) by inserting after subsection (f) the following new subsection:

"(g) DETERMINATION OF ACADEMIC YEAR.—Notwithstanding section 481(a)(2), for the purpose of determining eligibility for a grant under this section, a student shall be considered to be enrolled or accepted for enrollment in the first, second, third, or fourth academic year of a program of undergraduate education based on the student's class standing, as determined by the institution of higher education at which the student is enrolled or accepted for enrollment.".

(g) ELIGIBILITY FOR ACADEMIC COMPETITIVENESS GRANTS.—Section 401A is further amended—

(1) in subsection (c)—

(A) by striking "full–time"; and

(B) by amending paragraph (1) to read as follows:

"(1) is an eligible student under section 484, including being enrolled or accepted for enrollment in a degree, certificate, or other eligible program leading

to a recognized educational credential at an institution of higher education;''; and

(2) in subsection (d), by adding at the end the following new paragraph:

''(3) ADJUSTMENT FOR LESS THAN FULL-TIME ENROLLMENT.—A grant awarded under this section to an eligible student who attends an eligible institution on a less than full-time (but at least half-time or more) basis shall be reduced in the same proportion as would a Federal Pell Grant pursuant to section 401(b)(2)(B).''.

SEC. 102. SUPPORT FOR WORKING STUDENTS.

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

''(D) an income protection allowance of the following amount (or a successor amount prescribed by the Secretary under section 478)—

''(i) for the 2009–2010 academic year, $3,750;

''(ii) for the 2010–2011 academic year, $4,500;

''(iii) for the 2011–2012 academic year, $5,250; and

"(iv) for the 2012–2013 academic year, $6,000;".

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

"(iv) an income protection allowance of the following amount (or a successor amount prescribed by the Secretary under section 478)—

"(I) for single or separated students, or married students where both are enrolled pursuant to subsection (a)(2)—

"(aa) for the 2009–2010 academic year, $6,690;

"(bb) for the 2010–2011 academic year, $7,160;

"(cc) for the 2011–2012 academic year, $7,630; and

"(dd) for the 2012–2013 academic year, $8,090; and

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

"(aa) for the 2009–2010 academic year, $10,720;

"(bb) for the 2010–2011 academic year, $11,470;

"(cc) for the 2011–2012 academic year, $12,220; and

"(dd) for the 2012–2013 academic year, $12,960;".

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

(1) in paragraph (1)—

(A) by striking "REVISED TABLES.—For each" and inserting "REVISED TABLES.—

"(A) IN GENERAL.—For each";

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

(i) by striking "preceding sentence" and inserting "subparagraph (A)"; and

(ii) by striking "For the 2007–2008" and inserting the following:

"(B) SPECIAL RULE FOR 2007–2008 ACADEMIC YEAR.—For the 2007–2008"; and

(C) by adding at the end the following:

"(C) SPECIAL RULE FOR 2009–2010 THROUGH 2012–2013 ACADEMIC YEARS.—For the

2009–2010 academic year, and for each of the 3 succeeding academic years, the Secretary shall revise the tables in accordance with this paragraph, except that, for the table in section 477(b)(4), the Secretary shall revise such table by increasing the amounts contained in such table for the preceding academic year by 10 percent.''; and

(2) in paragraph (2), by striking ''shall be developed'' and all that follows through the period at the end and inserting ''shall be developed—

''(A) for academic year 2008–2009, by increasing each of the dollar amounts contained in such section as such section was in effect on the day before the date of enactment of the College Cost Reduction Act of 2007 by a percentage equal to the estimated percentage increase in the Consumer Price Index (as defined in section 478(f)) between December 2006 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10; and

''(B) for each academic year after 2012–2013, by increasing each of the dollar amounts contained in such section for academic year

2012–2013 by a percentage equal to the estimated percentage increase in the Consumer Price Index (as defined in section 478(f)) between December 2011 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.''.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on October 1, 2008, and the amendment made by subsection (c) shall take effect on July 1, 2008.

SEC. 103. SIMPLIFIED NEEDS TEST AND AUTOMATIC ZERO IMPROVEMENTS.

(a) SIMPLIFIED NEEDS TEST.—Section 479 (20 U.S.C. 1087ss) is amended—

(1) in subsection (b)—

(A) in paragraph (1)(A)(i)—

(i) in subclause (II), by striking "or" after the semicolon;

(ii) by redesignating subclause (III) as subclause (IV);

(iii) by inserting after subclause (II) the following:

"(III) 1 of whom is a dislocated worker; or"; and

(iv) in subclause (IV) (as redesignated by clause (ii)), by striking "12-month" and inserting "24-month"; and

(B) in paragraph (1)(B)(i)—

(i) in subclause (II), by striking "or" after the semicolon;

(ii) by redesignating subclause (III) as subclause (IV);

(iii) by inserting after subclause (II) the following:

"(III) 1 of whom is a dislocated worker; or"; and

(iv) in subclause (IV) (as redesignated by clause (ii)), by striking "12-month" and inserting "24-month";

(2) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) in clause (ii), by striking "or" after the semicolon;

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

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

"(iii) 1 of whom is a dislocated worker; or"; and

(IV) in clause (iv) (as redesignated by subclause (II)), by striking "12-month" and inserting "24-month"; and

(ii) in subparagraph (B), by striking "$20,000" and inserting "$30,000"; and

(B) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (ii), by striking "or" after the semicolon;

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

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

"(iii) is a dislocated worker; or"; and

(IV) in clause (iv) (as redesignated by subclause (II)), by striking "12-month" and inserting "24-month"; and

(ii) in subparagraph (B), by striking "$20,000" and inserting "$30,000"; and

(C) in the flush matter following paragraph (2)(B), by adding at the end the following: "The

Secretary shall annually adjust the income level necessary to qualify an applicant for the zero expected family contribution. The income level shall be adjusted according to increases in the Consumer Price Index, as defined in section 478(f).''; and

(3) in subsection (d)—

(A) by redesignating paragraphs (1) through (6) as subparagraphs (A) through (F), respectively and moving the margins of such subparagraphs 2 ems to the right;

(B) by striking ''(d) DEFINITION'' and all that follows through ''the term'' and inserting the following:

''(d) DEFINITIONS.—In this section:

''(1) DISLOCATED WORKER.—The term 'dislocated worker' has the meaning given the term in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801).

''(2) MEANS-TESTED FEDERAL BENEFIT PROGRAM.—The term''.

(b) DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.—Section 479A(a) (20 U.S.C. 1087tt(a)) is amended in the third sentence by inserting ''a family member who is a dislocated worker (as defined in section 101

of the Workforce Investment Act of 1998 (29 U.S.C. 2801)),” after “recent unemployment of a family member,”.

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

SEC. 104. DEFINITIONS.

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

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

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

(b) UNTAXED INCOME AND BENEFITS.—Section 480(b) (20 U.S.C. 1087vv(b)) is amended to read as follows:

“(b) UNTAXED INCOME AND BENEFITS.—

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

“(A) child support received;

“(B) workman’s compensation;

“(C) veteran’s benefits such as death pension, dependency, and indemnity compensation, but excluding veterans’ education benefits as defined in subsection (c);

“(D) interest on tax-free bonds;

"(E) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

"(F) cash support or any money paid on the student's behalf, except, for dependent students, funds provided by the student's parents;

"(G) untaxed portion of pensions;

"(H) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

"(I) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits or benefits received through participation in employment and training activities under title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.).

"(2) The term 'untaxed income and benefits' shall not include the amount of additional child tax credit claimed for Federal income tax purposes.".

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

(1) in paragraph (3), by striking "shall not be considered an asset of a student for purposes of section 475" and inserting "shall be considered an asset of the parent for purposes of section 475";

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

(3) by inserting after paragraph (3) the following:

"(4) A qualified education benefit shall be considered an asset of the student for purposes of section 476 and 477.".

(d) OTHER FINANCIAL ASSISTANCE.—Section 480(j)(2) (20 U.S.C. 1087vv(j)(2)) is amended by inserting ", or a distribution that is not includable in gross income under section 529 of such Code, under another prepaid tuition plan offered by a State, or under a Coverdell education savings account under section 530 of such Code," after "1986".

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

PART B—MAKING STUDENT LOANS MORE AFFORDABLE

SEC. 111. INTEREST RATE REDUCTIONS.

(a) FFEL INTEREST RATES.—

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

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

"(A) For a loan for which the first disbursement is made on or after July 1, 2006, and before July 1, 2008, 6.80 percent on the unpaid principal balance of the loan.

"(B) For a loan for which the first disbursement is made on or after July 1, 2008, and before July 1, 2009, 6.12 percent on the unpaid principal balance of the loan.

"(C) For a loan for which the first disbursement is made on or after July 1, 2009, and before July 1, 2010, 5.44 percent on the unpaid principal balance of the loan.

"(D) For a loan for which the first disbursement is made on or after July 1, 2010, and before July 1, 2011, 4.76 percent on the unpaid principal balance of the loan.

"(E) For a loan for which the first disbursement is made on or after July 1, 2011, and before July 1, 2012, 4.08 percent on the unpaid principal balance of the loan.

"(F) For a loan for which the first disbursement is made on or after July 1, 2012 and before July 1, 2013, 3.40 percent on the unpaid principal balance of the loan.".

(2) SPECIAL ALLOWANCE CROSS REFERENCE.—Section 438(b)(2)(I)(ii)(II) (20 U.S.C. 1086(b)(2)(I)(ii)(II)) is amended by striking "section 427A(l)(1)" and inserting "section 427A(l)(1) or (l)(4)".

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

"(D) REDUCED RATES FOR UNDERGRADUATE FDSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans made to undergraduate students for which the first disbursement is made

on or after July 1, 2006, and before July 1, 2013, the applicable rate of interest shall be as follows:

"(i) For a loan for which the first disbursement is made on or after July 1, 2006, and before July 1, 2008, 6.80 percent on the unpaid principal balance of the loan.

"(ii) For a loan for which the first disbursement is made on or after July 1, 2008, and before July 1, 2009, 6.12 percent on the unpaid principal balance of the loan.

"(iii) For a loan for which the first disbursement is made on or after July 1, 2009, and before July 1, 2010, 5.44 percent on the unpaid principal balance of the loan.

"(iv) For a loan for which the first disbursement is made on or after July 1, 2010, and before July 1, 2011, 4.76 percent on the unpaid principal balance of the loan.

"(v) For a loan for which the first disbursement is made on or after July 1, 2011, and before July 1, 2012, 4.08 percent on the unpaid principal balance of the loan.

"(vi) For a loan for which the first disbursement is made on or after July 1, 2012,

and before July 1, 2013, 3.40 percent on the unpaid principal balance of the loan.”.

SEC. 112. INCREASES IN LOAN LIMITS.

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

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

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

(b) INCREASE IN AGGREGATE LIMITS.—

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

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

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

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

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

(B) in clause (ii), by striking "$65,500" and inserting "$73,000".

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

SEC. 113. REDUCTION OF LENDER SPECIAL ALLOWANCE PAYMENTS.

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

(1) in clause (i), by striking "clauses (ii), (iii), and (iv)" and inserting "the following clauses";

(2) in clause (v)(III), by striking "clauses (ii), (iii), and (iv)" and inserting "clauses (ii), (iii), (iv), and (vi)"; and

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

"(vi) REDUCTION FOR LOANS ON OR AFTER OCTOBER 1, 2007.—With respect to a loan on which the applicable interest rate is determined under section 427A(l), the percentage to be added under clause (i)(III) in computing the special allowance payment pursuant to this subparagraph shall be the following:

"(I) IN GENERAL AND PLUS LOANS.—1.79 percent in the case of a

loan described in clause (i) or (iii) for which the first disbursement of principal is made on or after October 1, 2007.

"(II) IN SCHOOL AND GRACE PERIOD.—1.19 percent in the case of a loan described in clause (ii)(II) for which the first disbursement of principal is made on or after October 1, 2007.

"(III) CONSOLIDATION LOANS.—2.09 percent in the case of a loan described in clause (iv) for which the first disbursement of principal is made on or after October 1, 2007.".

SEC. 114. ELIMINATION OF EXCEPTIONAL PERFORMER STATUS FOR LENDERS.

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

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

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

(A) by striking subparagraph (D); and

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

(2) in section 438(b)(5) (20 U.S.C. 1087–1(b)(5)), by striking the matter following subparagraph (B).

SEC. 115. REDUCTION OF LENDER INSURANCE PERCENTAGE.

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

"(G) insures 95 percent of the unpaid principal of loans insured under the program, except that—

"(i) such program shall insure 100 percent of the unpaid principal of loans made with funds advanced pursuant to section 428(j) or 439(q); and

"(ii) notwithstanding the preceding provisions of this subparagraph, such program shall insure 100 percent of the unpaid principal amount of exempt claims as defined in subsection (c)(1)(G);".

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

SEC. 116. GUARANTY AGENCY COLLECTION RETENTION.

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

"(ii) an amount equal to 23 percent of such payments for use in accordance with section 422B, except that beginning October 1, 2007, this subparagraph shall be applied by substituting '16 percent' for '23 percent'.".

SEC. 117. UNIT COSTS FOR ACCOUNT MAINTENANCE FEES.

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

(1) by striking "Account" and inserting the following:

"(1) FOR FISCAL YEARS 2006 AND 2007.—For fiscal years 2006 and 2007, account"; and

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

"(2) FOR FISCAL YEAR 2008 AND SUCCEEDING FISCAL YEARS.—

"(A) UNIT COST BASIS.—For fiscal year 2008 and each succeeding fiscal year, the Secretary shall calculate the account maintenance

fees payable to guaranty agencies under subsection (a)(3), on a per-loan cost basis in accordance with subparagraph (B) of this paragraph.

"(B) DETERMINATIONS.—To determine the amount that shall be paid under subsection (a)(3) per outstanding loan guaranteed by a guaranty agency for fiscal year 2008 and succeeding fiscal years, the Secretary shall—

"(i) establish the per-loan cost basis amount by—

"(I) dividing the total amount of account maintenance fees paid under subsection (a)(3) in fiscal year 2006, by

"(II) the number of loans under part B that were outstanding in that fiscal year; and

"(ii) determine on October 1 of fiscal year 2008 and each subsequent fiscal year, and pay to each guaranty agency, an amount equal to the product of the number of loans under part B that are outstanding on October 1 of that fiscal year and insured by that guaranty agency, multiplied by—

"(I) the amount determined under clause (i); increased by

"(II) a percentage equal to the percentage increase in the GDP price index (as determined by the Bureau of Labor Statistics of the Department of Labor) between the calendar quarter ending on June 30, 2006, and the calendar quarter ending on the June 30 preceding such October 1 of such fiscal year.".

SEC. 118. INCREASED LOAN FEES FROM LENDERS.

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

"(2) AMOUNT OF LOAN FEES.—

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

"(i) except as provided in clauses (ii) and (iii), 0.50 percent of the principal amount of the loan with respect to any loan under this part for which the first disbursement was made on or after October 1, 1993;

"(ii) 1.0 percent of the principal amount of the loan with respect to any loan under this part for which the first disbursement was made on or after October 1, 2007, that is held by any holder other than a holder described in subclause (I) or (II) of clause (iii); and

"(iii) 0.0 percent of the principal amount of the loan with respect to any loan under this part for which the first disbursement was made on or after October 1, 2007, that is held by—

"(I) any holder that, together with its affiliated holders, is designated by the Secretary as a small lender under subparagraph (B); or

"(II) any holder that—

"(aa) is a unit of State or local government or a nonprofit private entity; and

"(bb) is not owned in whole or in part by, or controlled or operated by, or otherwise affiliated with, a for-profit entity.

"(B) DESIGNATION OF SMALL LENDERS.—In determining which holders of eligible loans qualify as small lenders for purposes of subparagraph (A)(iii)(I), the Secretary shall, using the most recently available data with respect to the total principal amount of eligible loans held by holders—

"(i) rank all holders of eligible loans (combined with their affiliated holders) in descending order by total principal amount of eligible loans held;

"(ii) calculate the total principal amount of eligible loans held by all holders; and

"(iii) identify the subset of consecutively ranked holders under clause (i), starting with the lowest ranked holder, that together hold a total principal amount of such loans equal to 15 percent of the total amount calculated under clause (ii), but excluding the holder, if any, whose holdings when added cause the total holdings of the subset to equal but not exceed such 15 percent of such total amount calculated; and

"(iv) designate as small lenders any holder identified as a member of the subset under clause (iii).".

SEC. 119. STUDENT LOAN INFORMATION.

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

"(4) STUDENT LOAN INFORMATION.—

"(A) Notwithstanding any other provision of law or regulation, a lender, secondary market, holder, or guaranty agency shall provide, free of charge and in a timely and effective manner, any student loan information maintained by that entity that is requested by an institution of higher education or any third-party servicer (as defined in section 481(c)) working on behalf of that institution to prevent student loan defaults.

"(B) An institution and any third-party servicer obtaining access to information under subparagraph (A) shall safeguard that information in order to prevent potential abuses of that information, including identity theft.

"(C) Any third party servicer that obtains information under this paragraph—

"(i) shall only use the information in a manner directly related to the default pre-

vention work the servicer is performing on behalf of the institution of higher education; and

"(ii) shall be subject to any regulations established by the Secretary pursuant to section 432 concerning the misuse of such information, including any penalties for such misuse.".

SEC. 120. MARKET-BASED DETERMINATION OF LENDER RETURNS.

(a) JOINT PLANNING STUDY TO SELECT AUCTION MECHANISMS FOR TESTING.—

(1) PLANNING STUDY.—The Secretaries of Education and Treasury jointly shall conduct a planning study, in consultation with the Office of Management and Budget, the Congressional Budget Office, the General Accounting Office, and other individuals and entities the Secretaries determines appropriate, to—

(A) examine the matters described in paragraph (2) in order to determine which market-based mechanisms for determining lender returns on loans made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.) shall be tested

under the pilot programs described in subsection (c); and

(B) determine what related administrative and other changes will be required in order to ensure that high-quality services are provided under a successful implementation of market-based determinations of lender returns for all loans made, insured, or guaranteed under such part.

(2) MATTERS EXAMINED.—The planning study under this subsection shall examine—

(A) whether it is most appropriate to auction existing loans under part B of title IV of such Act, to auction the rights to originate loans under such part, or whether the sale of securities backed by federally-owned student loan assets originated by banks acting as agents of the Federal Government would provide the most efficient market-based alternative;

(B) matters related to efficient financial organization of any auctions or sales of loans under such part, including how loans and origination rights are bundled, the capital structure of any securitization plan, and issues related to servicing; and

(C) how to ensure that statutory, regulatory, and administrative requirements do not impede separate management and ownership of loans or assets backed by loans under part B of title IV of such Act.

(3) MECHANISMS.—In determining which market-based mechanisms are the most promising models to test the pilot programs under subsection (b), the planning study shall take into account whether a particular market-based mechanism will—

(A) ensure loan availability under part B of title IV of such Act to all eligible students at all participating institutions;

(B) minimize administrative complexity for borrowers, institutions, lenders, and the Federal Government; and

(C) reduce Federal costs if used on a program-wide basis.

(4) REPORT.—A report on the results of the planning study, together with a plan for implementation of one or more pilot programs using promising market-based approaches for determining lender returns, shall be transmitted to Congress not later than 6 months after the date of enactment of this Act.

(b) PILOT PROGRAMS TO BE TESTED.—

(1) AUTHORIZATION.—

(A) IN GENERAL.—Notwithstanding any other provision of law, after the report described in subsection (a)(4) is transmitted to Congress, the Secretary of Education shall, in consultation with the Secretary of the Treasury, begin preparations necessary to carry out pilot programs meeting the requirements of this subsection in accordance with the implementation plan included in such report.

(B) IMPLEMENTATION DATE.—The Secretary of Education shall commence implementation of the pilot programs under this subsection not earlier than July 1, 2008.

(C) DURATION AND LOAN VOLUME.—The pilot programs under this subsection shall be not more than two academic years in duration, and the Secretary of Education may use the pilot programs to determining the lender returns for not more than—

(i) 10 percent of the annual loan volume under part B of title IV of the Higher Education Act of 1965 during the first year of the pilot programs under this subsection; and

(ii) 20 percent of the annual loan volume under part B of title IV of such Act during the second year of the pilot programs under this subsection.

(2) VOLUNTARY PARTICIPATION.—

(A) Participation in any auction-based pilot program under this subsection shall be voluntary for eligible institutions and eligible lenders participating under part B of title IV of such Act prior to July 1, 2006.

(B) All savings to the United States Treasury generated by such auctions shall be distributed to institutions participating under this subsection on a basis proportionate to loan volume under such part for supplemental, need-based financial aid, except that an institution that is operating as an eligible lender under section 435(d)(2) of such Act shall not be eligible for any such distribution.

(3) INDEPENDENT EVALUATION.—The Government Accountability Office shall conduct an independent evaluation of the pilot programs under this subsection, which evaluation shall be completed, and the results of such submitted to the Secretary of Education, the Secretary of the Treasury, and Congress,

not later than 120 days after the termination of such pilot programs.

(c) PROGRAM-WIDE IMPLEMENTATION.—Notwithstanding any other provision of part B of title IV of the Higher Education Act of 1965, for the first academic year beginning not less than 120 days after the independent evaluation described in subsection (b)(3) has been transmitted to Congress, and succeeding academic years, the Secretary of Education is authorized to implement for all loans made under such part, a program-wide, market-based system to determine returns to all lenders as the Secretary of Education determines appropriate, provided that—

(1) the Secretary of Education, in consultation with the Secretary of the Treasury, has certified that the auction-based system that the Secretary of Education intends to implement on a program-wide basis would—

(A) ensure loan availability under such part to all eligible students at all participating institutions;

(B) minimize administrative complexity for borrowers, institutions, lenders, and the Federal Government, including the enhancement of the modernization of the student financial aid system; and

(C) reduce Federal costs when used on a program-wide basis; and

(2) the Secretary of Education has notified Congress of the Secretary's intent to implement a program-wide auction based system, and has provided a description of the structure of such auction-based system, at least 120 days before implementing such system.

(d) CONSULTATION.—

(1) IN GENERAL.—As part of the planning study, pilot programs, and program-wide implementation phases described in this section, the Secretary of Education shall consult with representatives of investment banks, ratings agencies, lenders, institutions of higher education, and students, as well as individuals or other entities with pertinent technical expertise. The Secretary of Education shall engage in such consultations using such methods as, and to the extent that, the Secretary determines appropriate to the time constraints associated with the study, programs, and implementation.

(2) SERVICES OF OTHER FEDERAL AGENCIES.—In carrying out the planning study and pilot programs described in this section, the Secretary of Education may use, on a reimbursable basis, the services

(including procurement authorities and services), equipment, personnel, and facilities of other agencies and instrumentalities of the Federal Government.

PART C—REWARDING SERVICE IN REPAYMENT

SEC. 131. LOAN FORGIVENESS FOR SERVICE IN AREAS OF NATIONAL NEED.

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

"SEC. 428K. LOAN FORGIVENESS FOR SERVICE IN AREAS OF NATIONAL NEED.

"(a) PROGRAM AUTHORIZED.—

"(1) LOAN FORGIVENESS AUTHORIZED.—The Secretary shall forgive, in accordance with this section, the student loan obligation of a borrower in the amount specified in subsection (c), for any new borrower after the date of enactment of the College Cost Reduction Act of 2007, who—

"(A) is employed full-time in an area of national need described in subsection (b); and

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

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

"(A) through the holder of the loan, to assume the obligation to repay a qualified loan amount for a loan made, insured, or guaranteed under this part; and

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

"(3) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

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

"(1) EARLY CHILDHOOD EDUCATORS.—An individual who is employed as an early childhood educator in an eligible preschool program or eligible early childhood education program in a low-income community, and who is involved directly in the care, development, and education of infants, toddlers, or young children age 5 and under.

"(2) NURSES.—An individual who is employed—

"(A) as a nurse in a clinical setting; or

"(B) as a member of the nursing faculty at an accredited school of nursing (as those terms

are defined in section 801 of the Public Health Service Act (42 U.S.C. 296)).

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

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

"(B) in an agency of the United States Government in a position that regularly requires the use of such critical foreign language.

"(4) LIBRARIANS.—An individual who is employed as a librarian in—

"(A) a public library that serves a geographic area within which the public schools have a combined average of 30 percent or more of their total student enrollments composed of children counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965; or

"(B) an elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purpose of this paragraph and for

that year has been determined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school.

''(5) HIGHLY QUALIFIED TEACHERS: BILINGUAL EDUCATION AND LOW-INCOME COMMUNITIES.—An individual who—

''(A) is highly qualified as such term is defined in section 9101 of the Elementary and Secondary Education Act of 1965; and

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

''(ii) is employed as a teacher in a public or nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purpose of this paragraph and for that year has been determined by the Secretary (pursuant to regulations and after consultation

with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 exceeds 40 percent of the total enrollment of that school.

"(6) CHILD WELFARE WORKERS.—An individual who—

"(A) has obtained a degree in social work or a related field with a focus on serving children and families; and

"(B) is employed in public or private child welfare services.

"(7) SPEECH-LANGUAGE PATHOLOGISTS.—An individual who is a speech-language pathologist, who is employed in an eligible preschool program or an elementary or secondary school, and who has, at a minimum, a graduate degree in speech-language pathology, or communication sciences and disorders.

"(8) NATIONAL SERVICE.—An individual who is engaged as a participant in a project under the National and Community Service Act of 1990 (as such terms are defined in section 101 of such Act (42 U.S.C. 12511)).

"(9) PUBLIC SECTOR EMPLOYEES.—An individual who is employed in public safety (including as a first responder, firefighter, police officer, or other law enforcement or public safety officer), emergency management (including as an emergency medical technician), public health, or public interest legal services (including prosecution or public defense).

"(c) QUALIFIED LOAN AMOUNT.—At the end of each school, academic, or calendar year of full-time employment in an area of national need described in subsection (b), not to exceed 5 years, the Secretary shall forgive not more than $1,000 of the student loan obligation of a borrower that is outstanding after the completion of each such school, academic, or calendar year of employment, as appropriate, not to exceed $5,000 in the aggregate for any borrower.

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

"(e) SEGAL AMERICORPS EDUCATION AWARD AND NATIONAL SERVICE AWARD RECIPIENTS.—A student borrower who qualifies for the maximum education award under subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.) shall receive under this section the amount, if any, by which the maximum

benefit available under this section exceeds the maximum education award available under such subtitle.

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

“(g) DEFINITIONS.—In this section:

“(1) CRITICAL FOREIGN LANGUAGE.—The term ‘critical foreign language’ includes the languages of Arabic, Korean, Japanese, Chinese, Pashto, Persian-Farsi, Serbian-Croatian, Russian, Portuguese, and any other language identified by the Secretary of Education, in consultation with the Defense Language Institute, the Foreign Service Institute, and the National Security Education Program, as a critical foreign language need.

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

“(3) ELIGIBLE PRESCHOOL PROGRAM.—The term ‘eligible preschool program’ means a program

that provides for the care, development, and education of infants, toddlers, or young children age 5 and under, meets any applicable State or local government licensing, certification, approval, and registration requirements, and is operated by—

"(A) a public or private school that is supported, sponsored, supervised, or administered by a local educational agency;

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

"(C) a nonprofit or community based organization; or

"(D) a child care program, including a home.

"(4) ELIGIBLE EARLY CHILDHOOD EDUCATION PROGRAM.—The term 'eligible early childhood education program' means—

"(A) a family child care program, center-based child care program, State prekindergarten program, school program, or other out-of-home early childhood development care program, that—

"(i) is licensed or regulated by the State; and

"(ii) serves 2 or more unrelated children who are not old enough to attend kindergarten;

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

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

"(5) LOW-INCOME COMMUNITY.—In this subsection, the term 'low-income community' means a community in which 70 percent of households earn less than 85 percent of the State median household income.

"(6) NURSE.—The term 'nurse' means a nurse who meets all of the following:

"(A) The nurse graduated from—

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

"(ii) a nursing center; or

"(iii) an academic health center that provides nurse training.

“(B) The nurse holds a valid and unrestricted license to practice nursing in the State in which the nurse practices in a clinical setting.

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

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

“(ii) A nursing degree from a collegiate school of nursing (as defined in section 801 of the Public Health Service Act (42 U.S.C. 296)).

“(iii) A nursing degree from an associate degree school of nursing (as defined in section 801 of the Public Health Service Act (42 U.S.C. 296)).

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

“(7) SPEECH-LANGUAGE PATHOLOGIST.—The term ‘speech-language pathologist’ means a speech-language pathologist who—

“(A) has received, at a minimum, a graduate degree in speech-language pathology or communication sciences and disorders from an insti-

tution of higher education accredited by an agency or association recognized by the Secretary pursuant to section 496(a) of this Act; and

"(B) provides speech-language pathology services under section 1861(ll)(1) of the Social Security Act (42 U.S.C. 1395x(ll)(1), or meets or exceeds the qualifications for a qualified speech-language pathologist under subsection (ll)(3) of such section (42 U.S.C. 1395x(ll)(3)).

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

SEC. 132. INCOME-CONTINGENT REPAYMENT FOR PUBLIC SECTOR EMPLOYEES.

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

"(7) REPAYMENT PLAN FOR PUBLIC SECTOR EMPLOYEES.—

"(A) IN GENERAL.—The Secretary shall forgive the balance due on any loan made under this part or section 428C(b)(5) for a borrower—

"(i) who has made 120 payments on such loan pursuant to income-contingent repayment; and

"(ii) who is employed, and was employed for the 10-year period in which the borrower made the 120 payments described in clause (i), in a public sector job.

"(B) PUBLIC SECTOR JOB.—In this paragraph, the term 'public sector job' means a full-time job in emergency management, government, public safety, law enforcement, public health, education (including early childhood education), social work in a public child or family service agency, or public interest legal services (including prosecution or public defense).

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

SEC. 133. INCOME-BASED REPAYMENT.

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

"SEC. 493C. INCOME-BASED REPAYMENT.

"(a) DEFINITIONS.—In this section:

"(1) EXCEPTED PLUS LOAN.—The term 'excepted PLUS loan' means a loan under section 428B, or a Federal Direct PLUS Loan, that is made, insured, or guaranteed on behalf of a dependent student.

"(2) PARTIAL FINANCIAL HARDSHIP.—The term 'partial financial hardship', when used with respect to a borrower, means that for such borrower—

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

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

"(i) the borrower's, and the borrower's spouse's (if applicable), adjusted gross income; exceeds

"(ii) 150 percent of the poverty line applicable to the borrower's family size as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(b) INCOME-BASED REPAYMENT PROGRAM AUTHORIZED.—Notwithstanding any other provision of this Act, the Secretary shall carry out a program under which—

"(1) a borrower of any loan made, insured, or guaranteed under part B or D (other than an excepted PLUS loan) who has a partial financial hardship may elect, during any period the borrower has the partial financial hardship, to have the borrower's aggregate monthly payment for all such loans not exceed the result described in subsection (a)(2)(B) divided by 12;

"(2) the holder of such a loan shall apply the borrower's monthly payment under this subsection first toward interest due on the loan and then toward the principal of the loan;

"(3) any interest due and not paid under paragraph (2) shall be capitalized;

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

"(5) the amount of time the borrower makes monthly payments under paragraph (1) may exceed 10 years;

"(6) if the borrower no longer has a partial financial hardship or no longer wishes to continue the election under this subsection, then—

"(A) the maximum monthly payment required to be paid for all loans made to the borrower under part B or D (other than an excepted PLUS loan) shall not exceed the monthly amount calculated under section 428(b)(9)(A)(i) or 455(d)(1)(A) when the borrower first made the election described in this subsection; and

"(B) the amount of time the borrower is permitted to repay such loans may exceed 10 years;

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

"(A) is in deferment due to an economic hardship described in section 435(o) for a period of time prescribed by the Secretary, not to exceed 20 years; or

"(B)(i) makes the election to participate in income-based repayment under paragraph (1); and

"(ii) for a period of time prescribed by the Secretary, not to exceed 20 years (including any period during which the borrower is in

deferment due to an economic hardship described in section 435(o)), meets 1 or more of the following requirements:

"(I) has made reduced monthly payments under paragraph (1);

"(II) has made monthly payments of not less than the monthly amount calculated under section 428(b)(9)(A)(i) or 455(d)(1)(A) when the borrower first made the election described in this subsection;

"(III) has made payments under a standard repayment plan under section 428(b)(9)(A)(i) or 455(d)(1)(A);

"(IV) has made payments under an income-contingent repayment plan under section 455(d)(1)(D); and

"(8) a borrower who is repaying a loan made under this part pursuant to income-based repayment may elect, at any time, to terminate repayment pursuant to income-based repayment and repay such loan under the standard repayment plan.".

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

SEC. 134. DEFINITION OF ECONOMIC HARDSHIP.

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

(1) in paragraph (1)—

(A) in subparagraph (A)(ii)—

(i) by striking "100 percent of the poverty line for a family of 2" and inserting "150 percent of the poverty line applicable to the borrower's family size"; and

(ii) by inserting "or" after the semicolon;

(B) by striking subparagraph (B); and

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

(2) in paragraph (2), by striking "(1)(C)" and inserting "(1)(B)".

SEC. 135. DEFERRALS.

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

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

(c) DIRECT LOANS.—Section 455(f)(2)(D) (20 U.S.C. 1087e(f)(2)(D)) is amended by striking "not in excess of 3 years".

(d) PERKINS.—Section 464(c)(2)(A)(iv) (20 U.S.C. 1087dd(c)(2)(A)(iv)) is amended by striking "not in excess of 3 years".

SEC. 136. MAXIMUM REPAYMENT PERIOD.

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

"(9) MAXIMUM REPAYMENT PERIOD.—In calculating the extended period of time for which an income-contingent repayment plan under this subsection may be in effect for a borrower, the Secretary shall include all time periods during which a borrower of loans under part B, part D, or part E—

"(A) is not in default on any loan that is included in the income-contingent repayment plan; and

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

"(ii) makes monthly payments under paragraph (1) or (6) of section 493C(b); or

"(iii) makes payments under a standard repayment plan described in section 428(b)(9)(A)(i) or subsection (d)(1)(A).".

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

SEC. 137. DEFERRAL OF LOAN REPAYMENT FOLLOWING ACTIVE DUTY.

Part G of title IV is amended by inserting after section 484B (20 U.S.C. 1091b) the following new section:

"SEC. 484C. DEFERRAL OF LOAN REPAYMENT FOLLOWING ACTIVE DUTY.

"(a) DEFERRAL OF LOAN REPAYMENT FOLLOWING ACTIVE DUTY.—In addition to any deferral of repayment of a loan made under this title pursuant to section 428(b)(1)(M)(iii), 455(f)(2)(C), or 464(c)(2)(A)(ii), a borrower of a loan under this title who is a member of the National Guard or other reserve component of the Armed Forces of the United States, or a member of such Armed Forces in a retired status, is called or ordered to active duty, and is currently enrolled, or was enrolled within six months prior to the activation, in a program of instruction at an eligible institution, shall be eligible for a deferment during the 13 months following the conclusion of such service, except that a deferment under this subsection shall expire upon the borrower's return to enrolled student status.

"(b) ACTIVE DUTY.—Notwithstanding section 481(d), in this section, the term 'active duty' has the meaning given such term in section 101(d)(1) of title 10, United States Code, except that such term—

"(1) does not include active duty for training or attendance at a service school; but

"(2) includes, in the case of members of the National Guard, active State duty.".

SEC. 138. SENSE OF THE CONGRESS; REPORT.

(a) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) in order to provide the borrowers of Federal student loans with the option of converting their loans to income-contingent repayment by providing direct loans for the discharge of such loans (in this section referred to as "direct IDEA loans"), the Secretary of Education and the Secretary of the Treasury will work together with the Government Accountability Office to develop a process by which the borrower will make payments on such loan using the income tax withholding system and will make appropriate adjustments to his or her withholding or estimated tax payments for such purposes;

(2) the Secretaries shall determine—

(A) whether such a repayment option would be beneficial to borrowers and taxpayers; and

(B) how such program would be implemented by the Departments of Education and Treasury; and

(3) this process would—

(A) streamline the repayment process and provide greater flexibility for borrowers electing to use the direct IDEA loan;

(B) significantly reduce the number of loan defaults by borrowers; and

(C) significantly reduce the redundancy in reporting information pertaining to income-contingent repayment to the Department of Education, institutions, and applicants.

(b) REPORT.—The Secretaries of Education and the Treasury shall, within one year after the date of enactment of this Act—

(1) provide the Congress with information on the progress in devising the direct IDEA loan with income-contingent repayment using the income tax withholding system;

(2) inform the Congress of any necessary statutory changes for the purpose of establishing a direct IDEA loan with income-contingent repayment using the income tax withholding system; and

(3) consider international programs demonstrating implementation of income-contingent repayment collected through revenue services, such as programs in England, Australia, and New Zealand.

PART D—SUSTAINING THE PERKINS LOAN PROGRAM

SEC. 141. FEDERAL PERKINS LOANS.

Section 461(b) (20 U.S.C. 1087aa(b)) is amended by adding at the end the following new paragraphs:

"(3) In addition to any amounts appropriated pursuant to paragraph (1) or (2) of this subsection, there shall be available to the Secretary for contributions to student loan funds established under part E, from funds not otherwise appropriated, $100,000,000 for each of the fiscal years 2008 through 2012. The sum of the amount made available under this subsection for any such fiscal year, plus the amount so appropriated for such fiscal year, shall, for purposes of allocations under section 462, be treated as the amount appropriated pursuant to section 461(b) for such fiscal year.

"(4) The authority to make contributions to student loan funds under this part shall expire at the end of fiscal year 2012.".

TITLE II—REDUCING THE COST OF COLLEGE

SEC. 201. STATE COMMITMENT TO AFFORDABLE COLLEGE EDUCATION.

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

"SEC. 132. STATE COMMITMENT TO AFFORDABLE COLLEGE EDUCATION.

"(a) MAINTENANCE OF EFFORT REQUIRED.—No State shall reduce the total amount provided by the State for public institutions of higher education in such State for any academic year beginning on or after July 1, 2008, to an amount which is less than the average amount provided by such State to such institutions of higher education during the 5 most recent preceeding academic years for which satisfactory data is available.

"(b) WAIVER.—The Secretary may waive the requirements of this section, if the Secretary determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances, such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State educational agency.

"(c) WITHHOLDING OF ALL LEAP FUNDS FOR VIOLATIONS.—Notwithstanding any other provision of law, the Secretary of Education shall withhold from any State that violates subsection (a) (except a State that receives a waiver under subsection (b)) any amount that would otherwise be available to the State under the Leveraging Educational Assistance Partnership Program under subpart 4 of part A of title IV until such State has corrected such violation.".

SEC. 202. CONSUMER INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

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

"SEC. 131. CONSUMER INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

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

"(1) shall identify the data elements related to college costs that are of greatest importance to prospective students, enrolled students, and their families, paying particular attention to low-income, nontraditional student populations, and first-generation college students;

"(2) shall convene a group of individuals with expertise in the collection and reporting of data related to institutions of higher education, the use of consumer data, and consumer marketing in general to—

"(A) determine the relevance of particular data elements to prospective students, enrolled students, and families;

"(B) assess the cost-effectiveness of various ways in which institutions of higher education might produce relevant data;

"(C) determine the general comparability of the data across institutions of higher education; and

"(D) make recommendations regarding the inclusion of specific data items and the most effective and least burdensome methods of collecting and reporting useful data from institutions of higher education; and

"(3) shall ensure that the redesigned COOL website—

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

"(B) includes clear and uniform information determined to be relevant to prospective students, enrolled students, and families;

"(C) provides comparable information, by ensuring that data are based on accepted criteria and common definitions;

"(D) includes a sorting function that permits users to customize their search for and comparison of institutions of higher education based on the information identified through the process as prescribed in paragraph (1) as being of great-

est relevance to choosing an institution of higher education.

"(b) DATA COLLECTION.—

"(1) DATA SYSTEM.—The Commissioner of Education Statistics shall continue to redesign the relevant parts of the Integrated Postsecondary Education Data System to include additional data as required by this section and to continue to improve the usefulness and timeliness of data collected by such System in order to inform consumers about institutions of higher education.

"(2) COLLEGE CONSUMER PROFILE.—The Secretary shall continue to publish on the COOL website, for each academic year and in accordance with standard definitions developed by the Commissioner of Education Statistics (including definitions developed under section 131(a)(3)(A) as in effect on the day before the date of enactment of the College Cost Reduction Act of 2007), from at least all institutions of higher education participating in programs under title IV the following information:

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

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

"(C) The price of attendance for a first-time, full-time undergraduate student, consistent with the provisions of section 472.

"(D) The average amount of financial assistance received by a first-year, full-time undergraduate student, including—

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

"(ii) institutional and other assistance; and

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

"(E) The number of first-time, full-time undergraduate students receiving financial assistance described in each clause of subparagraph (D).

"(F) The institutional instructional expenditure per full-time equivalent student.

"(G) Student enrollment information, including information on the number and percentage of full-time and part-time students, and the number and percentage of resident and non-resident students.

"(H) Faculty-to-student ratios.

"(I) Faculty information, including the total number of faculty and the percentage of faculty who are full-time employees of the institution and the percentage who are part-time.

"(J) Completion and graduation rates of undergraduate students, identifying whether the completion or graduation rates are from a 2-year or 4-year program of instruction and, in the case of a 2-year program of instruction, the percentage of students who transfer to 4-year institutions prior or subsequent to completion or graduation.

"(K) A link to the institution of higher education with information of interest to students including mission, accreditation, student services (including services for students with disabilities), transfer of credit policies, any articulation agreements entered into by the institution, and, if appropriate, placement rates and other measures of success in preparing students for entry into or advancement in the workforce.

"(L) The college affordability information elements specified in subsection (c).

"(M) Any additional information that the Secretary may require.

"(c) College Affordability Information Elements.—The college affordability information elements required by subsection (b)(2)(L) shall include, for each institution submitting data—

"(1) the sticker price of the institution for the 3 most recent academic years;

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

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

"(4) the percentage change in the higher education price index (as defined in section 401B(d)) over the same 3-year time period; and

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

"(d) Outcomes and Actions.—

"(1) Response from institution.—Effective on June 30, 2008, an institution that increases its sticker price at a percentage rate for any 3-year interval ending on or after that date that exceeds two times the rate of change in the higher education price index (as defined in section 401B(d)) over the same time period shall provide a report to the Secretary, in

such a form, at such time, and containing such information as the Secretary may require. Such report shall be published by the Secretary on the COOL website, and shall include—

“(A) a description of the factors contributing to the increase in the institution’s costs and in the tuition and fees charged to students; and

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

“(2) CONSEQUENCES FOR 2-YEAR CONTINUATION OF FAILURE.—If the Secretary determines that an institution that is subject to paragraph (1) has failed to reduce the subsequent increase in sticker price to equal to or below two times the rate of change in the higher education price index (as defined in section 401B(d)) for 2 consecutive academic years subsequent to the 3-year interval used under paragraph (1), the Secretary shall place the institution on affordability alert status.

"(3) EXEMPTIONS.—Notwithstanding paragraph (2), an institution shall not be placed on affordability alert status if, for any 3-year interval for which sticker prices are computed under paragraph (1)—

"(A) with respect to the class of institutions described in paragraph (5) to which the institution belongs, the sticker price of the institution is in the lowest quartile of institutions within such class, as determined by the Secretary, during the last year of such 3-year interval; or

"(B) the institution has a percentage change in its sticker price computed under paragraph (1) that exceeds two times the rate of change in the higher education price index (as defined in section 401B(d)) over the same time period, but the dollar amount of the sticker price increase is less than $500.

"(4) INFORMATION TO STATE AGENCIES.—Any institution that reports under paragraph (1)(B) that an agency or instrumentality of State government or other entity participates in the determinations of tuition and fee increases shall, prior to submitting any information to the Secretary under this subsection, submit such information to, and request the comments and input of, such agency, instrumentality, or entity.

With respect to any such institution, the Secretary shall provide a copy of any communication by the Secretary with that institution to such agency, instrumentality, or entity.

"(5) CLASSES OF INSTITUTIONS.—For purposes of this subsection, the classes of institutions shall be those sectors used by the Integrated Postsecondary Education Data System, based on whether the institution is public, nonprofit private, or for-profit private, and whether the institution has a 4-year, 2-year, or less than 2-year program of instruction.

"(6) DATA REJECTION.—Nothing in this subsection shall be construed as allowing the Secretary to reject the data submitted by an individual institution of higher education.

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

"(f) FINES.—In addition to actions authorized in section 487(c), the Secretary may impose a fine in an amount

not to exceed $25,000 on an institution of higher education for failing to provide the information required by this section in a timely and accurate manner, or for failing to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data under subsection (c) and pursuant to the program participation agreement entered into under section 487.

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

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

"(1) NET TUITION PRICE.—The term 'net tuition price' means the sticker price, minus the average grants provided to such students, for any academic year.

"(2) STICKER PRICE.—The term 'sticker price' means the average tuition and fees charged to a first-time, full-time, full-year undergraduate student by an institution of higher education for any academic year.".

SEC. 203. INCENTIVES AND REWARDS FOR LOW TUITION.

Subpart 1 of part A of title IV is amended by inserting after section 401A (20 U.S.C. 1070a–1) the following new section:

"SEC. 401B. INCENTIVES AND REWARDS FOR LOW TUITION.

"(a) REWARDS FOR LOW TUITION.—For an institution of higher education that, for academic year 2008–2009 or any succeeding academic year, has an annual net tuition price increase (expressed as a percentage) for the most recent academic year for which satisfactory data is available that is equal to or less than the percentage change in the higher education price index for such academic year, the Secretary shall provide such institution an amount sufficient to provide a 25 percent increase under subpart 1 of part A of title IV to each Pell Grant recipient attending such institution for the next award year beginning after the date of such determination. Each such institution shall distribute any amounts received under this subsection among such Pell Grant recipients by increasing the amount of their Pell Grant awards by 25 percent.

"(b) REWARDS FOR GUARANTEED TUITION.—

"(1) BONUS.—For each institution of higher education that the Secretary of Education determines complies with the requirements of paragraph (2) or (3) of this subsection, the Secretary shall provide to such institution a bonus amount equal to 25 percent of the aggregate amount of aid received by students at the institution under section 401(a). Such institution shall award the bonus amount to the Pell Grant recipients who were in attendance at the institution

during the award year that such institution satisfied the eligibility criteria for maintaining low tuition and fees. Each such student shall receive an amount that equals 25 percent of their total Pell Grant award for such award year, except that no student shall recieve an amount under this section that would cause the amount of total financial aid received by such student to exceed the cost of attendance of the institution. If there are additional funds remaining after all eligible students have been paid from the bonus amount, the institution shall award all excess funds first to remaining Pell Grant recipients who were not in attendance at the institution during such award year, and then to other eligible students under this title in attendance at such institution in the form of need-based aid.

"(2) 4-YEAR INSTITUTIONS.—An institution of higher education that provides a program of instruction for which it awards a bachelor's degree complies with the requirements of this paragraph if such institution guarantees that for any academic year beginning on or after July 1, 2008, and for each of the 4 succeeding continuous academic years, the net tuition price charged to an undergraduate student will not exceed—

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

"(B) the product of the percentage increase in the higher education price index for the prior academic year, or the most recent prior academic year for which data is available, multiplied by the amount determined under subparagraph (A).

"(3) LESS-THAN 4-YEAR INSTITUTIONS.—An institution of higher education that does not provide a program of instruction for which it awards a bachelor's degree complies with the requirements of this paragraph if such institution guarantees that for any academic year (or the equivalent) beginning on or after July 1, 2008, and for each of the 1.5 succeeding continuous academic years, the net tuition price charged to an undergraduate student will not exceed—

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

"(B) the product of the percentage increase in the higher education price index for the prior academic year, or the most recent prior academic year for which data is available, multiplied by the amount determined under subparagraph (A).

"(c) MAINTAINING AFFORDABLE TUITION.—For any institution of higher education whose increase in the annual net tuition price (expressed as a percentage), for the most recent academic year for which satisfactory data is available, is greater than the percentage increase in the higher education price index for such academic year, the Secretary shall require such institution to submit to the Secretary the following information, within 6 months of such determination:

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

"(2) cost containment strategies to lower net tuition prices.

"(d) PRIORITY.—In awarding incentives and rewards under this section, the Secretary shall give priority to institutions of higher education with the lowest annual net tuition price increase (expressed as a percentage) for the most recent academic year for which satisfactory data is avail-

able, when compared with other institutions of higher education with annual net tuition price increases that are equal to or less than the percentage change in the higher education price index for such academic year.

"(e) DEFINITIONS.—

"(1) NET TUITION PRICE.—The term 'net tuition price' has the same meaning as provided in section 131(k).

"(2) HIGHER EDUCATION PRICE INDEX.—The term 'higher education price index' means a statistical measure of change over time in the prices of a fixed market basket of goods and services purchased by colleges and universities through current fund educational and general expenditures (excluding expenditures for research), as developed by the Bureau of Labor Statistics.

"(f) FUNDING.—There shall be available to the Secretary to carry out this section, from funds not otherwise appropriated, $15,000,000 for each of the fiscal years 2008 through 2012.

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

SEC. 204. COOPERATIVE EDUCATION REWARDS FOR INSTITUTIONS THAT RESTRAIN TUITION INCREASES.

The Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is amended by adding at the end the following title:

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

"SEC. 801. DEFINITION OF COOPERATIVE EDUCATION.

"For the purpose of this title the term 'cooperative education' means the provision of alternating or parallel periods of academic study and public or private employment in order to give students work experiences related to their academic or occupational objectives and an opportunity to earn the funds necessary for continuing and completing their education.

"SEC. 802. AUTHORIZATION OF APPROPRIATIONS; RESERVATIONS.

"(a) APPROPRIATIONS.—There shall be available to the Secretary to carry out this title from funds not otherwise appropriated $15,000,000 for each of the fiscal years 2008 through 2012.

"(b) RESERVATIONS.—Of the amount appropriated for each such fiscal year—

"(1) not less than 50 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions described in section 803(a)(1)(A) for cooperative education under section 803;

"(2) not less than 25 percent shall be available for carrying out grants to institutions of higher education described in section 803(a)(1)(B) for cooperative education under section 803;

"(3) not more than 11 percent shall be available for demonstration projects under paragraph (1) of section 804(a);

"(4) not more than 11 percent shall be available for training and resource centers under paragraph (2) of section 804(a); and

"(5) not more than 3 percent shall be available for research under paragraph (3) of section 804(a).

"(c) AVAILABILITY OF APPROPRIATIONS.—Appropriations under this title shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this title.

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

"SEC. 803. GRANTS FOR COOPERATIVE EDUCATION.

"(a) GRANTS AUTHORIZED.—

"(1) IN GENERAL.—The Secretary is authorized—

"(A) from the amount available under section 802(b)(1) in each fiscal year and in accordance with the provisions of this title, to make grants to institutions of higher education or combinations of such institutions that have not previously received a grant under this paragraph to pay the Federal share of the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions or combinations of institutions; and

"(B) from the amount available under section 802(b)(2) in each fiscal year and in accordance with the provisions of this title, to make grants to institutions of higher education that are operating an existing cooperative education program (as determined by the Secretary) to pay the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions.

"(2) PROGRAM REQUIREMENT.—Cooperative education programs assisted under this section shall provide alternating or parallel periods of academic study and of public or private employment, giving

students work experience related to their academic or occupational objectives and the opportunity to earn the funds necessary for continuing and completing their education.

"(3) AMOUNT OF GRANTS.—

"(A) The amount of each grant awarded pursuant to paragraph (1)(A) to any institution of higher education or combination of such institutions in any fiscal year shall not exceed $500,000.

"(B)(i) Except as provided in clauses (ii) and (iii), the Secretary shall award grants in each fiscal year to each institution of higher education described in paragraph (1)(B) that has an application approved under subsection (b) in an amount which bears the same ratio to the amount reserved pursuant to section 802(b)(2) for such fiscal year as the number of unduplicated students placed in cooperative education jobs during the preceding fiscal year (other than cooperative education jobs under section 804 and as determined by the Secretary) by such institution of higher education bears to the total number of all such students placed in such

jobs during the preceding fiscal year by all such institutions.

"(ii) No institution of higher education shall receive a grant pursuant to paragraph (1)(B) in any fiscal year in an amount which exceeds 25 percent of such institution's cooperative education program's personnel and operating budget for the preceding fiscal year.

"(iii) The minimum annual grant amount which an institution of higher education is eligible to receive under paragraph (1)(B) is $1,000 and the maximum annual grant amount is $75,000.

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

"(5) USES.—Grants under paragraph (1)(B) shall be used exclusively—

"(A) to expand the quality and participation of a cooperative education program;

"(B) for outreach in new curricular areas; and

"(C) for outreach to potential participants including underrepresented and nontraditional populations.

"(b) APPLICATIONS.—Each institution of higher education or combination of such institutions desiring to receive a grant under this section shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe. Each such application shall—

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

"(2) specify each portion of such program or activities which will be performed by a nonprofit organization or institution other than the applicant, and the compensation to be paid for such performance;

"(3) provide that the applicant will expend during such fiscal year for the purpose of such program or activities not less than the amount expended for such purpose during the previous fiscal year;

"(4) describe the plans which the applicant will carry out to assure, and contain a formal statement of the institution's commitment which assures, that the applicant will continue the cooperative education program beyond the 5-year period of Federal assistance described in subsection (c)(1) at a level which is not less than the total amount expended for such pro-

gram during the first year such program was assisted under this section;

"(5) provide that, in the case of an institution of higher education that provides a 2-year program which is acceptable for full credit toward a bachelor's degree, the cooperative education program will be available to students who are certificate or associate degree candidates and who carry at least one-half the normal full-time academic workload;

"(6) provide that the applicant will—

"(A) for each fiscal year for which the applicant receives a grant, make such reports with respect to the impact of the cooperative education program in the previous fiscal year as may be essential to ensure that the applicant is complying with the provisions of this section, including—

"(i) the number of unduplicated student applicants in the cooperative education program;

"(ii) the number of unduplicated students placed in cooperative education jobs;

"(iii) the number of employers who have hired cooperative education students;

"(iv) the average income for students derived from working in cooperative education jobs; and

"(v) the increase or decrease in the number of unduplicated students placed in cooperative education jobs in each fiscal year compared to the previous fiscal year; and

"(B) keep such records as are essential to ensure that the applicant is complying with the provisions of this title, including the notation of cooperative education employment on the student's transcript;

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

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

"(9) describe the plans that the applicant will carry out to evaluate the applicant's cooperative education program at the end of the grant period;

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

"(11) demonstrate a commitment to serving all underserved populations; and

"(12) include such other information as is essential to carry out the provisions of this title.

"(c) DURATION OF GRANTS; FEDERAL SHARE.—

"(1) DURATION OF GRANTS.—No individual institution of higher education may receive, individually or as a participant in a combination of such institutions—

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

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

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

"(A) 85 percent of the cost of carrying out the program or activities described in the application in the first year the applicant receives a grant under this section;

"(B) 70 percent of such cost in the second such year;

"(C) 55 percent of such cost in the third such year;

"(D) 40 percent of such cost in the fourth such year; and

"(E) 25 percent of such cost in the fifth such year.

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

"(d) MAINTENANCE OF EFFORT.—If the Secretary determines that a recipient of funds under this section has failed to maintain the fiscal effort described in subsection (b)(3), then the Secretary may elect not to make grant payments under this section to such recipient.

"SEC. 804. DEMONSTRATION AND INNOVATION PROJECTS; TRAINING AND RESOURCE CENTERS; AND RESEARCH.

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

"(1) from the amounts available in each fiscal year under section 802(b)(3), for the conduct of demonstration projects designed to demonstrate or determine the feasibility or value of innovative methods of cooperative education;

"(2) from the amounts available in each fiscal year under section 802(b)(4), for the conduct of training and resource centers designed to—

"(A) train personnel in the field of cooperative education;

"(B) improve materials used in cooperative education programs if such improvement is conducted in conjunction with other activities described in this paragraph;

"(C) furnish technical assistance to institutions of higher education to increase the potential of the institution to continue to conduct a cooperative education program without Federal assistance;

"(D) encourage model cooperative education programs which furnish education and training in occupations in which there is a national need;

"(E) support partnerships under which an institution carrying out a comprehensive cooperative education program joins with one or more institutions of higher education in order to—

"(i) assist the institutions other than the comprehensive cooperative education institution to develop and expand an existing program of cooperative education; or

"(ii) establish and improve or expand comprehensive cooperative education programs; and

"(F) encourage model cooperative education programs in the fields of science and mathematics for women and minorities who are underrepresented in such fields; and

"(3) from the amounts available in each fiscal year under section 802(b)(5), for the conduct of research relating to cooperative education.

"(b) ADMINISTRATIVE PROVISION.—

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

"(A) make grants to or contracts with institutions of higher education, or combinations of such institutions; and

"(B) make grants to or contracts with other public or private nonprofit agencies or organizations, whenever such grants or contracts will make an especially significant contribution to attaining the objectives of this section.

"(2) LIMITATION.—

"(A) The Secretary may not use more than 3 percent of the amount appropriated to carry out this section in each fiscal year to make

grants or enter into contracts described in paragraph (1)(A).

"(B) The Secretary may use not more than 3 percent of the amount appropriated to carry out this section in each fiscal year to make grants or enter into contracts described in paragraph (1)(B).

"(c) SUPPLEMENT NOT SUPPLANT.—A recipient of a grant or contract under this section may use the funds provided only to supplement and, to the extent possible, increase the level of funds that would, in the absence of such funds, be made available from non-Federal sources to carry out the activities supported by such grant or contract, and in no case to supplant such funds from non-Federal sources.".

TITLE III—ENSURING A HIGHLY QUALIFIED TEACHER IN EVERY CLASSROOM

PART A—TEACH GRANTS

SEC. 301. TEACH GRANTS.

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

"Subpart 9—TEACH Grants

"SEC. 420L. PROGRAM ESTABLISHED.

"(a) PROGRAM AUTHORITY.—

"(1) PAYMENTS REQUIRED.—The Secretary shall pay to each eligible institution such sums as may be necessary to pay to each eligible student (defined in accordance with section 484) who files an application and agreement in accordance with section 420M, and who qualifies—

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

"(B) under paragraphs (2) and (3) of section 420M(a), a Bonus TEACH Grant in the amount of $500 (in addition to the amount of the TEACH Grant under subparagraph (A)) for each academic year during which that student so qualifies.

"(2) REFERENCE.—Grants made under—

"(A) paragraph (1)(A) shall be known as 'Teacher Education Assistance for College and Higher Education Grants' or 'TEACH Grants'; and

"(B) paragraph (1)(B) shall be known as Bonus TEACH Grants.

"(b) PAYMENT METHODOLOGY.—

"(1) PREPAYMENT.—Not less than 85 percent of any funds provided to an institution under subsection (a) shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in an accurate and timely manner, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system of payment.

"(2) DIRECT PAYMENT.—Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to students, in advance of the beginning of the academic term, an amount for which they are eligible, in cases where the eligible institution elects not to participate in the disbursement system required by paragraph (1).

"(3) DISTRIBUTION OF GRANTS TO STUDENTS.—Payments under this subpart shall be made, in accordance with regulations promulgated by the Secretary for such purpose, in such manner as will best accomplish the purposes of this subpart. Any dis-

bursement allowed to be made by crediting the student's account shall be limited to tuition and fees and, in the case of institutionally-owned housing, room and board. The student may elect to have the institution provide other such goods and services by crediting the student's account.

"(c) REDUCTIONS IN AMOUNT.—

"(1) PART-TIME STUDENTS.—In any case where a student attends an institution of higher education on less than a full-time basis (including a student who attends an institution of higher education on less than a half-time basis) during any academic year, the amount of a grant under this subpart for which that student is eligible shall be reduced in proportion to the degree to which that student is not attending on a full-time basis, in accordance with a schedule of reductions established by the Secretary for the purposes of this subpart, computed in accordance with this subpart. Such schedule of reductions shall be established by regulation and published in the Federal Register in accordance with section 482 of this Act.

"(2) NO EXCEEDING COST.—The amount of a grant awarded under this subpart, in combination with Federal assistance and other student assistance, shall not exceed the cost of attendance (as defined in

section 472) at the institution at which that student is in attendance. If, with respect to any student, it is determined that the amount of a TEACH Grant or a Bonus TEACH Grant exceeds the cost of attendance for that year, the amount of the TEACH Grant or Bonus TEACH Grant, respectively, shall be reduced until such grant does not exceed the cost of attendance at such institution.

''(d) PERIOD OF ELIGIBILITY FOR GRANTS.—

''(1) UNDERGRADUATE STUDENTS.—The period during which an undergraduate student may receive grants under this subpart shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student at the institution at which the student is in attendance except that—

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

''(B) the total amount that a student may receive under this subpart for undergraduate study shall not exceed $16,000 with respect to a student who receives only TEACH Grants, and

$18,000 with respect to a student who receives TEACH Grants and Bonus TEACH Grants.

"(2) GRADUATE STUDENTS.—The period during which a graduate student may receive grants under this subpart shall be the period required for the completion of a master's degree course of study being pursued by that student at the institution at which the student is in attendance, except that the total amount that a student may receive under this subpart for graduate study shall not exceed $8,000 with respect to a student who receives only TEACH Grants, and $10,000 with respect to a student who receives TEACH Grants and Bonus TEACH Grants.

"(3) REMEDIAL COURSE; STUDY ABROAD.—Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language acquisition) which are determined by the institution to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of courses in English language instruction, to be necessary to enable the student to utilize already existing knowledge, training, or skills. Nothing in this section shall exclude from eligibility programs of study abroad that are ap-

proved for credit by the home institution at which the student is enrolled.

"SEC. 420M. ELIGIBILITY; APPLICATIONS.

"(a) APPLICATIONS; DEMONSTRATION OF ELIGIBILITY.—

"(1) FILING REQUIRED.—The Secretary shall from time to time set dates by which students shall file applications for grants under this subpart. Each student desiring a grant under this subpart for any year shall file an application containing such information and assurances as the Secretary may deem necessary to enable the Secretary to carry out the functions and responsibilities of this subpart.

"(2) DEMONSTRATION OF TEACH GRANT ELIGIBILITY.—Each application submitted under paragraph (1) for a TEACH Grant shall contain such information as is necessary to demonstrate that—

"(A) if the applicant is an enrolled student—

"(i) the student is an eligible student for purposes of section 484;

"(ii) the student—

"(I) has a grade point average that is determined, under standards prescribed by the Secretary, to be com-

parable to a 3.25 average on a zero to 4.0 scale, except that, if the student is in the first year of a program of undergraduate education, such grade point average shall be determined on the basis of the student's cumulative high school grade point average; or

"(II) displayed high academic aptitude by receiving a score above the 75th percentile on at least one of the batteries in an undergraduate or graduate school admissions test; and

"(iii) the student is completing coursework and other requirements necessary to begin a career in teaching, or plans to complete such coursework and requirements prior to graduating; or

"(B) if the applicant is a current or prospective teacher applying for a grant to obtain a graduate degree—

"(i) the applicant is a teacher or a retiree from another occupation with expertise in a field in which there is a shortage of teachers, such as math, science, special edu-

cation, English language acquisition, or another high-need subject; or

"(ii) the applicant is or was a teacher who is using high-quality alternative certification routes, such as Teach for America, to get certified.

"(3) DEMONSTRATION OF BONUS TEACH GRANT ELIGIBILITY.—Each application submitted under paragraph (1) for a Bonus TEACH Grant shall contain such information as is necessary to demonstrate that the applicant is—

"(A) eligible for, and has applied for, a TEACH Grant; and

"(B) a student enrolled in a qualified teacher preparation program, as defined in section 420N.

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

"(1) the applicant will—

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

"(B) teach in a school described in section 465(a)(2)(A);

"(C) with respect to an applicant for—

"(i) TEACH Grants, teach in any of the following fields: mathematics, science, a foreign language, bilingual education, or special education, or as a reading specialist, or another field documented as high-need by the Federal Government, State government, or local education agency and approved by the Secretary; or

"(ii) TEACH Grants and Bonus TEACH Grants, teach mathematics, science, or a science-related field;

"(D) submit evidence of such employment in the form of a certification by the chief administrative officer of the school upon completion of each year of such service; and

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

"(2) in the event that the applicant is determined to have failed or refused to carry out such service obligation, the sum of the amounts of any TEACH

Grants and Bonus TEACH Grants received by such applicant will be treated as a loan and collected from the applicant in accordance with subsection (c) and the regulations thereunder.

"(c) REPAYMENT FOR FAILURE TO COMPLETE SERVICE.—In the event that any recipient of a grant under this subpart fails or refuses to comply with the service obligation in the agreement under subsection (b), the sum of the amounts of any TEACH Grants and Bonus TEACH Grants received by such recipient shall be treated as a Direct Loan under part D of title IV, and shall be subject to repayment, together with interest thereon accruing after the period of service, in accordance with terms and conditions specified by the Secretary in regulations under this subpart.

"SEC. 420N. DEFINITIONS.

"For the purposes of this subpart:

"(1) ELIGIBLE INSTITUTION.—The term 'eligible institution' means an institution of higher education as defined in section 102.

"(2) QUALIFIED TEACHER PREPARATION PROGRAM.—The term 'qualified teacher preparation program' means a program for students and teachers described in subparagraph (A) or (B) of section

420M(a)(2) (referred to jointly in this paragraph as 'teacher candidates') that—

"(A) recruits and prepares teacher candidates who major in science, technology fields, special education, foreign language, engineering, or mathematics disciplines to become certified as elementary and secondary teachers in those disciplines, special education teachers, or teachers of English Language Learners, with the goals of improving teacher knowledge and effectiveness and increasing elementary and secondary student academic achievement;

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

"(C) offers a baccalaureate degree with a concurrent teacher certification to teacher candidates;

"(D) is implemented in coordination with the faculty of the relevant departments of the institution of higher education;

"(E) utilizes experienced teachers who have a demonstrated record of success in teaching underserved students to instruct teacher candidates in the disciplines described in subparagraph (A);

"(F) provides teacher candidates with—

"(i) support services, including mentoring by experienced teachers who have a demonstrated record of success in teaching underserved students;

"(ii) exposure to, and field experience in, the classroom within the first year of entering the qualified teacher preparation program; and

"(iii) other related support practices while the teacher candidates are participating in the program, and after such candidates graduate from the institution of higher education and are employed as teachers;

"(G) participates in partnerships which include the institution of higher education and local educational agencies and charter districts to provide opportunities for teacher candidate field work;

"(H) focuses on increasing the number of teachers in the disciplines described in subparagraph (A); and

"(I) encourages individuals from underrepresented populations to enter into the teaching profession.

"SEC. 420O. PROGRAM PERIOD AND FUNDING.

"There shall be available to the Secretary to carry out this subpart, from funds not otherwise appropriated, such sums as may be necessary to provide TEACH Grants and Bonus TEACH Grants in accordance with this subpart to each eligible applicant.".

PART B—CENTERS OF EXCELLENCE

SEC. 311. CENTERS OF EXCELLENCE.

Title II (20 U.S.C. 1021 et seq.) is amended by adding at the end the following:

"PART C—CENTERS OF EXCELLENCE

"SEC. 231. DEFINITIONS.

"As used in this part:

"(1) ELIGIBLE INSTITUTION.—The term 'eligible institution' means—

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

"(i) a part B institution (as defined in section 322);

"(ii) a Hispanic-serving institution (as defined in section 502);

"(iii) a Tribal College or University (as defined in section 316);

"(iv) an Alaska Native-serving institution (as defined in section 317(b)); or

"(v) a Native Hawaiian-serving institution (as defined in section 317(b));

"(B) a consortium of institutions described in subparagraph (A); or

"(C) an institution described in subparagraph (A), or a consortium described in subparagraph (B), in partnership with any other institution of higher education, but only if the center of excellence established under section 232 is located at an institution described in subparagraph (A).

"(2) HIGHLY QUALIFIED.—The term 'highly qualified' when used with respect to an individual means that the individual is highly qualified as determined under section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801) or section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

“(3) SCIENTIFICALLY BASED READING RESEARCH.—The term ‘scientifically based reading research’ has the meaning given such term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

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

“SEC. 232. CENTERS OF EXCELLENCE.

“(a) PROGRAM AUTHORIZED.—From the amounts appropriated to carry out this part, the Secretary is authorized to award competitive grants to eligible institutions to establish centers of excellence.

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

“(1) Implementing reforms within teacher preparation programs to ensure that such programs are preparing teachers who are highly qualified, are able to understand scientifically based research, and are able to use advanced technology effectively in the

classroom, including use for instructional techniques to improve student academic achievement, by—

“(A) retraining faculty; and

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

“(i) prepare teachers to close student achievement gaps, are based on rigorous academic content, scientifically based research (including scientifically based reading research), and challenging State student academic content standards; and

“(ii) promote strong teaching skills.

“(2) Providing sustained and high-quality preservice clinical experience, including the mentoring of prospective teachers by exemplary teachers, substantially increasing interaction between faculty at institutions of higher education and new and experienced teachers, principals, and other administrators at elementary schools or secondary schools, and providing support, including preparation time, for such interaction.

“(3) Developing and implementing initiatives to promote retention of highly qualified teachers and principals, including minority teachers and principals, including programs that provide—

"(A) teacher or principal mentoring from exemplary teachers or principals; or

"(B) induction and support for teachers and principals during their first 3 years of employment as teachers or principals, respectively.

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

"(5) Disseminating information on effective practices for teacher preparation and successful teacher certification and licensure assessment preparation strategies.

"(6) Activities authorized under sections 202, 203, and 204.

"(c) APPLICATION.—Any eligible institution desiring a grant under this section shall submit an application to the Secretary at such a time, in such a manner, and accompanied by such information as the Secretary may require.

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

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

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

"SEC. 233. APPROPRIATIONS.

"There shall be available to the Secretary, from funds not otherwise appropriated, $50,000,000 for the period beginning with fiscal year 2008 and ending with fiscal year 2012, to carry out this part beginning with academic year 2008–2009, which shall remain available until expended. The authority to carry out this part shall expire at the end of fiscal year 2012.".

TITLE IV—LEVERAGING FUNDS TO INCREASE COLLEGE ACCESS

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

SEC. 401. INVESTMENT IN HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND MINORITY-SERVING INSTITUTION.

Title IV is amended by adding at the end the following new part:

“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.

“(a) ELIGIBLE INSTITUTION.—An institution of higher education is eligible to receive funds from the amounts made available under this section if such institution is—

“(1) a part B institution (as defined in section 322 (20 U.S.C. 1061));

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

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

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

“(5) a Predominantly Black Institution (as defined in subsection (c)); or

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

“(b) NEW INVESTMENT OF FUNDS.—

“(1) IN GENERAL.—There shall be available to the Secretary to carry out this section, from funds not otherwise appropriated, $100,000,000 for each of the

fiscal years 2008 through 2012. The authority to carry out this section shall expire at the end of fiscal year 2012.

"(2) ALLOCATION AND ALLOTMENT.—

"(A) IN GENERAL.—Of the amounts made available under paragraph (1) for any fiscal year—

"(i) 40 percent shall be available for allocation under subparagraph (B);

"(ii) 40 percent shall be available for allocation under subparagraph (C); and

"(iii) 20 percent shall be available for allocation under subparagraph (D).

"(B) HSI STEM AND ARTICULATION PROGRAMS.—The amount made available for allocation under this subparagraph by subparagraph (A)(i) for any fiscal year shall be available for Hispanic-serving Institutions for activities described in section 503, with a priority given to applications that propose—

"(i) to increase the number of Hispanic and other low income students attaining degrees in the fields of science, technology, engineering and mathematics; and

"(ii) to develop model transfer and articulation agreements between 2-year Hispanic-serving institutions and 4-year institutions in such fields.

"(C) ALLOCATION AND ALLOTMENT HBCUS AND PBIS.—From the amount made available for allocation under this subparagraph by subparagraph (A)(ii) for any fiscal year—

"(i) $34,000,000 shall be available to eligible institutions described in subsection (a)(1) and shall be made available as grants under section 323 and allotted among such institutions under section 324, treating such amount, plus the amount appropriated for such fiscal year in a regular or supplemental appropriation Act to carry out part B of title III, as the amount appropriated to carry out part B of title III for purposes of allotments under section 324, for use by such institutions with a priority for—

"(I) activities described in paragraphs (1), (2), (4), (5), and (10) of section 323(a); and

"(II) other activities, consistent with the institution's comprehensive

plan and designed to increase the institution's capacity to prepare students for careers in the physical and natural sciences, mathematics, computer science and information technology and sciences, engineering, language instruction in the less-commonly taught languages and international affairs, and nursing and allied health professions; and

"(ii) $6,000,000 shall be available to eligible institutions described in subsection (a)(5) and shall be available for a competitive grant program to award 10 grants of $600,000 annually for programs in the following areas: science, technology, engineering, or mathematics (STEM); health education; internationalization or globalization; teacher preparation; or improving educational outcomes of African American males.

"(D) ALLOCATION AND ALLOTMENT TO OTHER MINORITY-SERVING INSTITUTIONS.—From the amount made available for allocation under this subparagraph by subparagraph (A)(iii) for

any fiscal year (in this subparagraph referred to as the 'allocable amount')—

"(i) 60 percent of the allocable amount for such fiscal year shall be available to eligible institutions described in subsection (a)(3) and shall be made available as grants under section 316, treating such 60 percent of the allocable amount as part of the amount appropriated for such fiscal year in a regular or supplemental appropriation Act to carry out such section, and using such 60 percent for purposes described in subsection (c) of such section;

"(ii) 30 percent of the allocable amount for such fiscal year shall be available to eligible institutions described in subsection (a)(4) and shall be made available as grants under section 317, treating such 30 percent of the allocable amount as part of the amount appropriated for such fiscal year in a regular or supplemental appropriation Act to carry out such section and using such 60 percent for purposes described in subsection (a) of such section; and

"(iii) 10 percent of the allocable amount for such fiscal year shall be available to eligible institutions described in subsection (a)(6) for activities described in section 311(c).

"(c) DEFINITIONS.—

"(1) PREDOMINANTLY BLACK INSTITUTION.—The term 'Predominantly Black institution' means an institution of higher education that—

"(A) has an enrollment of needy undergraduate students as required and defined by paragraph (2);

"(B) has an average educational and general expenditure which is low, per full-time equivalent undergraduate student in comparison with the average educational and general expenditure per full-time equivalent undergraduate student of institutions that offer similar instruction, except that the Secretary may apply the waiver requirements described in section 392(b) to this subparagraph in the same manner as the Secretary applies the waiver requirements to section 312(b)(1)(B);

"(C) has an enrollment of undergraduate students—

"(i) that is at least 40 percent Black American students;

"(ii) that is at least 1,000 undergraduate students;

"(iii) of which not less than 50 percent of the undergraduate students enrolled at the institution are low-income individuals or first-generation college students (as that term is defined in section 402A(g)); and

"(iv) of which not less than 50 percent of the undergraduate students are enrolled in an educational program leading to a bachelor's or associate's degree that the institution is licensed to award by the State in which it is located;

"(D) is legally authorized to provide, and provides within the State, an educational program for which the institution of higher education awards a bachelors degree, or in the case of a junior or community college, an associate's degree;

"(E) is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered, or is, ac-

cording to such an agency or association, making reasonable progress toward accreditation; and

"(F) is not receiving assistance under part B of title III.

"(2) ENROLLMENT OF NEEDY STUDENTS.—The term 'enrollment of needy students' means the enrollment at an eligible institution with respect to which not less than 50 percent of the undergraduate students enrolled in an academic program leading to a degree—

"(A) in the second fiscal year preceding the fiscal year for which the determination is made, were Federal Pell Grant recipients for such year;

"(B) come from families that receive benefits under a means-tested Federal benefits program (as defined in paragraph (4));

"(C) attended a public or nonprofit private secondary school—

"(i) that is in the school district of a local educational agency that was eligible for assistance under part A of title I of the Elementary and Secondary Education Act of 1965 for any year during which the student attended such secondary school; and

"(ii) which for the purpose of this paragraph and for that year was determined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 1113(a)(5) of such Act exceeds 30 percent of the total enrollment of such school; or

"(D) are first-generation college students (as that term is defined in section 402A(g)), and a majority of such first-generation college students are low-income individuals.

"(3) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' has the meaning given such term in section 402A(g).

"(4) MEANS-TESTED FEDERAL BENEFIT PROGRAM.—The term 'means-tested Federal benefit program' means a program of the Federal Government, other than a program under title IV, in which eligibility for the programs' benefits, or the amount of such benefits, or both, are determined on the basis of income or resources of the individual or family seeking the benefit.

"(5) ASIAN AMERICAN AND PACIFIC ISLANDER-SERVING INSTITUTION.—The term 'Asian American and Pacific Islander-serving institution' means an institution of higher education that—

"(A) is an eligible institution under section 312(b); and

"(B) at the time of application, has an enrollment of undergraduate students that is at least 10 percent Asian American and Pacific Islander students from subgroups with low levels of college degree attainment.

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

"(7) PACIFIC ISLANDER.—The term 'Pacific Islander' has the meaning given the term 'Native Hawaiian' or 'Other Pacific Islander' in such Standards for Maintaining, Collecting, and Presenting Federal Data on Race and Ethnicity.

"(8) LOW LEVELS OF COLLEGE DEGREE ATTAINMENT.—The term 'low levels of college degree attainment' mean college degree attainment that is less than

20 percent for adults ages 25 through 29 as reported by the National Center for Educational Statistics.

"(d) TERMINATION OF AUTHORITY.—The authority to carry out this section expires at the end of fiscal year 2012.".

PART B—COLLEGE ACCESS CHALLENGE GRANTS

SEC. 411. COLLEGE ACCESS CHALLENGE GRANTS.

(a) CHALLENGE GRANT PROGRAM ESTABLISHED.—

(1) PROGRAM ESTABLISHED.—The Secretary shall establish a program to award matching grants to increase the number of eligible students from underserved populations who enter and complete college by providing grants to philanthropic organizations who are members of eligible consortia to carry out the activities of the consortia to achieve this purpose, including—

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

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

(C) conducting outreach programs to encourage eligible students to pursue higher education.

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

(3) GRANT AMOUNTS.—

(A) IN GENERAL.—A grant awarded under this part for a given fiscal year to a philanthropic organization shall be in an amount equal to the lesser of—

(i) 200 percent of the amount of charitable gifts received in the preceding fiscal year by the eligible consortia, including charitable gifts received by the individual members of the consortia with which the philanthropic organization is associated; or

(ii) the maximum grant amount established by the Secretary by regulation, pursuant to subsection (f).

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

(b) USES OF GRANT.—

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

(A) provide grants to eligible students; and

(B) distribute grants to members of the consortia with which the philanthropic organization is affiliated, in accordance with the plan described in subsection (c)(2)(A), to fund the activities of such consortia in accordance with the application under subsection (c).

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

(c) APPLICATIONS.—A philanthropic organization desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require. Such application shall include the following:

(1) A description of an eligible consortia that meets the requirements of subsection (d), with which the philanthropic organization is affiliated, in accordance with subsection (g).

(2) A detailed description of—

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

(B) the eligible consortia's plans for using the matching grant funds, including how the funds will be used to provide financial aid, mentoring, and outreach programs to eligible students.

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

(4) A detailed description of the activities that carry out this section that are conducted by the eligible consortia at the time of the application, and how the matching grant funds will assist the eligible consortia with expanding and enhancing such activities.

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

(6) A description of the strategies that will be used to identify eligible students who are enrolled in secondary school and who may benefit from the activities of the eligible consortia.

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

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

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

(B) a State that demonstrates a commitment to ensuring the creation of a Statewide system to address the issues of early intervention and financial support for eligible students to enter and remain in college; and

(C) at the discretion of the philanthropic organization described in subparagraph (A), additional partners, including other non-profit organizations, government entities (including local municipalities, school districts, cities, and counties), institutions of higher education, and other public or private programs that provide mentoring or outreach programs; and

(2) conduct activites to assist eligible students with entering and remaining in college, which include—

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

(B) providing early notification to low-income students of their potential eligibility for Federal financial aid (which may include assisting students and families with filling out FAFSA forms), as well as financial aid and other support available from the eligible consortia;

(C) encouraging increased eligible student participation in higher education through mentoring or outreach programs; and

(D) conducting marketing and outreach efforts that are designed to—

(i) encourage full participation of eligible students in the activities of the consortia that carry out this section; and

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

(e) ANNUAL REPORT.—A philanthropic organization receiving a grant under this section shall prepare and submit an annual report to the Secretary on the activities carried out with such grant. The report shall include—

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

(2) the cost of providing each such activity or service;

(3) the number and percentage of eligible students who received grants, mentoring, and outreach services; and

(4) the total amount of charitable gifts received by the eligible consortia (including its members) with which the philanthropic organization is affiliated for the fiscal year.

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

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

(2) the minimum amount of chartable gifts an eligible consortia (including its members) shall receive in a fiscal year for the philanthropic organization affiliated with such consortia to be eligible for a grant under this section.

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

(1) ELIGIBLE STUDENT.—The term "eligible student" means an individual who—

(A) is a member of an underserved population;

(B) is enrolled—

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

(ii) in an institution of higher education or is planning to attend an institution of higher education; and

(C) either—

(i) is receiving, or has received, financial assistance or support services from the consortium; or

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

(I) Has an expected family contribution equal to zero (as described in section 479 of the Higher Education Act of 1965) or a comparable alternative based upon the State's approved criteria in section 415C(b)(4) of such Act.

(II) Has qualified for a free lunch, or at the State's discretion a reduced price lunch, under the school lunch program established under the

Richard B. Russell National School Lunch Act.

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

(IV) Is participating in, or has participated in, a Federal, State, institutional, or community mentoring or outreach program, as recognized by the eligible consortia carrying out activities under this section.

(2) PHILANTHROPIC ORGANIZATION.—The term "philanthropic organization" means a non-profit organization—

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

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

(C) that has a demonstrated record of dispersing grant aid to underserved populations to ensure access to, and participation in, higher education;

(D) that is affiliated with an eligible consortia (as defined in subsection (d)) to carry out this section; and

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

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

(4) UNDERSERVED POPULATION.—The term "underserved population" means a group of individuals who traditionally have not been well represented in the general population of students who pursue and successfully complete a higher education degree.

(h) PROGRAM FUNDING.—

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

(2) USE OF EXCESS FUNDS.—If, at the end of a fiscal year, the funds available for awarding grants under this section exceed the amount necessary to

make such grants, then all of the excess funds shall remain available for the subsequent fiscal year, and shall be used to award grants under section 401 of the Higher Education Act of 1965 (20 U.S.C. 1070a) for such subsequent fiscal year.

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

PART C—UPWARD BOUND

SEC. 412. UPWARD BOUND.

(a) ABSOLUTE PRIORITY PROHIBITED IN UPWARD BOUND PROGRAM.—Section 402C (20 U.S.C. 1070a–13) is amended by adding at the end the following new subsection:

"(f) ABSOLUTE PRIORITY PROHIBITED IN UPWARD BOUND PROGRAM.—Except as otherwise expressly provided by amendment to this section, the Secretary shall not implement or enforce, and shall rescind, the absolute priority for Upward Bound Program participant selection and evaluation published by the Department of Education in the Federal Register on September 22, 2006 (71 Fed. Reg. 55447 et seq.).".

(b) ADDITIONAL FUNDS.—Section 402C is further amended by adding after subsection (f) (as added by subsection (a)) the following new subsection:

"(g) ADDITIONAL FUNDS.—

"(1) AUTHORIZATION AND APPROPRIATION.—There are authorized to be appropriated, and there are appropriated to the Secretary, from funds not otherwise appropriated, $30,000,000 for each of the fiscal years 2008 through 2011 to carry out paragraph (2), except that any amounts that remain unexpended for such purpose for each of such fiscal years may be available for technical assistance and administration costs for the Upward Bound program.

"(2) USE OF FUNDS.—The amounts made available by paragraph (1) shall be available to provide assistance to all Upward Bound projects that received assistance in fiscal year 2006 but that did not receive assistance in fiscal year 2007 (other than new applicants) with a grant score above 70. Such assistance shall be made available in the form of 4-year grants.".

TITLE V—ADDITIONAL PROVISIONS

SEC. 501. INDEPENDENT EVALUATION OF DISTANCE EDUCATION PROGRAMS.

(a) INDEPENDENT EVALUATION.—The Secretary of Education shall enter into an agreement with the National Academy of Sciences to conduct a scientifically correct and statistically valid evaluation of the quality of distance edu-

cation programs, as compared to campus-based education programs, at institutions of higher education. Such evaluation shall include—

(1) identification of the elements by which the quality of distance education, as compared to campus-based education, can be assessed, including elements such as subject matter, interactivity, and student outcomes;

(2) identification of distance and campus-based education program success, with respect to student achievement, in relation to the mission of the institution of higher education; and

(3) identification of the types of students (including classification of types of students based on student age) who most benefit from distance education programs, the types of students who most benefit from campus-based education programs, and the types of students who do not benefit from distance education programs, by assessing elements including access to higher education, job placement rates, undergraduate graduation rates, and graduate and professional degree attainment rates.

(b) SCOPE.—The National Academy of Sciences shall select for participation in the evaluation under subsection

(a) a diverse group of institutions of higher education with respect to size, mission, and geographic distribution.

(c) INTERIM AND FINAL REPORTS.—The agreement under subsection (a) shall require that the National Academy of Sciences submit to the Secretary of Education, the Committee on Health, Education, Labor and Pensions of the Senate, and the Committee on Education and Labor of the House of Representatives—

(1) an interim report regarding the evaluation under subsection (a) not later than December 31, 2007; and

(2) a final report regarding such evaluation not later than December 31, 2009.

(d) APPROPRIATIONS.—There shall be available to the Secretary, from funds not otherwise appropriated, $100,000 to carry out this section.

SEC. 502. ENCOURAGING COLLEGES AND UNIVERSITIES TO "GO GREEN".

(a) FINDINGS.—The Committee on Education and Labor of the House of Representatives makes the following findings:

(1) A commitment to and academic programs for environmental and economic sustainability are essential for our Nation's future prosperity.

(2) The more than 4,200 higher education institutions in the United States have the capacity to innovatively leverage spending and change consumption patterns by incorporating concepts of sustainability into their academic programs and by modeling sustainable economic and environmental practices for their communities.

(3) Many colleges and universities have interdisciplinary programs or centers focusing on equipping students with the academic content knowledge needed to understand concepts of sustainability and "going green".

(4) Many colleges and universities have programs related to the research of sustainability and sustainable systems.

(5) Academic programs related to sustainability vary in rigor because no national education content standards for academic sustainability programs currently exist.

(6) Colleges and universities may partner with businesses to encourage students and faculty to translate academic learning and research into practical solutions that promote sustainability.

(7) Colleges and universities that make an effort to reduce energy consumption and promote environ-

mental sustainability not only reduce their own emissions, but also motivate the leaders of the next generation to action and create technical skills and resources to develop innovative solutions.

(8) Many colleges and universities have undertaken detailed, campus-wide assessments of their progress toward "going green" and sustainability or have measured their progress in specific sectors, such as operations, or specific parameters, such as recycling, energy, and water consumption.

(9) No system that evaluates and compares college and university campuses in terms of overall sustainability-related academic programs and practices currently exists.

(b) SENSE OF THE COMMITTEE ON EDUCATION AND LABOR.—It is the sense of the Committee on Education and Labor that in order to encourage increased public awareness of the need to "go green" by using sustainable economic and environmental practices and rigorous sustainability academic programs on college and university campuses, the following should be encouraged:

(1) The development of educational standards by institutions of higher education to determine the necessary rigor and effectiveness of academic sustainability programs.

(2) Public awareness of the need for "going green" by using sustainable economic and environmental practices.

(3) Non-governmental efforts to improve economic and environmental sustainability efforts on college and university campuses, including holding national summits to share best practices.

(4) Collaborative partnerships between Federal agencies, businesses, universities and communities to broaden sustainability practices.

Union Calendar No. 128

110TH CONGRESS
1ST SESSION

H. R. 2669

[Report No. 110–210]

A BILL

To provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008.

JUNE 25, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed