

HIGHER EDUCATION TECHNICAL AMENDMENTS OF 2000

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JUNE 12, 2000.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. GOODLING, from the Committee on Education and the Workforce, submitted the following

R E P O R T

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 4504]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 4504) to make technical amendments to the Higher Education Act of 1965, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

**SECTION 1. SHORT TITLE; REFERENCE; EFFECTIVE DATE.**

(a) **SHORT TITLE.**—This Act may be cited as the “Higher Education Technical Amendments of 2000”.

(b) **REFERENCE.**—Except as otherwise expressly provided in this Act, 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.).

(c) **EFFECTIVE DATE.**—Except as otherwise provided in this Act, the amendments made by this Act shall take effect as if enacted as part of the Higher Education Amendments of 1998 (Public Law 105-244).

**SEC. 2. TECHNICAL AMENDMENTS.**

(a) **AMENDMENTS TO TITLE I.**—

(1) Section 101(a)(1) (20 U.S.C. 1001(a)(1)) is amended by inserting before the semicolon at the end the following: “, or students who meet the requirements of section 484(d)(3)”.

(2) Section 102(a)(2)(A) (20 U.S.C. 1002(a)(2)(A)) is amended to read as follows:

“(A) **IN GENERAL.**—For the purpose of qualifying as an institution under paragraph (1)(C), the Secretary shall establish criteria by regulation for the

approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in section 101 (except that a graduate medical school, or a veterinary school, located outside the United States shall not be required to meet the requirements of section 101(a)(4)). Such criteria shall include a requirement that a student attending such school outside the United States is ineligible for loans made, insured, or guaranteed under part B unless—

“(i) in the case of a graduate medical school located outside the United States—

“(I)(aa) at least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and

“(bb) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of title IV; or

“(II) the institution has a clinical training program that was approved by a State as of January 1, 1992; or

“(ii) in the case of a veterinary school located outside the United States that does not meet the requirements of section 101(a)(4)—

“(I) the institution was certified by the Secretary as eligible to participate in the loan program under part B of title IV before October 1, 1999; and

“(II) the institution’s students complete their clinical training at an approved veterinary school located in the United States.”

(3) Section 102(a)(3)(A) (20 U.S.C. 1002(a)(3)(A)) is amended by striking “section 521(4)(C) of the Carl Perkins Vocational and Applied Technology Education Act” and inserting “section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998”.

(4) Section 103(7) (20 U.S.C. 1003(7)) is amended to read as follows:

“(7) NEW BORROWER.—The term ‘new borrower’ when used with respect to any date for any loan under any provision of—

“(A) part B or part D of title IV means an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under either such part; and

“(B) part E of title IV means an individual who on that date has no outstanding balance of principal or interest owing on any loan made under such part.”

(5) Section 131(a)(3)(A)(iii) (20 U.S.C. 1015(a)(3)(A)(iii)) is amended—

(A) by striking “an undergraduate” and inserting “a full-time undergraduate”; and

(B) in subclause (I), by striking “section 428(a)(2)(C)(i)” and inserting “section 428(a)(2)(C)(ii)”.

(6) Section 131(b) is amended by striking “the costs for typical” and inserting “the prices for, and financial aid provided to, typical”.

(7) Section 131(c)(2)(B) is amended by striking “costs” and inserting “prices”.

(8) Section 131(d)(1) is amended by striking “3 years” and inserting “4 years”.

(9) Section 141 (20 U.S.C. 1018) is amended—

(A) in subsection (a)(2)(B), by inserting “total and unit” after “to reduce the”;

(B) in subsection (c)—

(i) in paragraph (1)(A), by striking “Each year” and inserting “Each fiscal year”;

(ii) in paragraph (1)(B), by inserting “guaranty agencies,” after “lenders.”; and

(iii) in paragraph (2)—

(I) in subparagraph (A), by striking “expenditures” and inserting “administrative expenditures for the most recent fiscal year”; and

(II) in subparagraph (B), by striking “Chief Financial Officer Act of 1990 and” and inserting “Chief Financial Officers Act of 1990,” and by inserting before the period at the end the following: “, and other relevant legislation”;

(C) in subsection (f)(3)(A), by striking “paragraph (1)(A)” and inserting “paragraph (1)”;

(D) in subsection (g)(3), by adding at the end the following new sentence:  
 “The names and compensation for those individuals shall be included in the annual report under subsection (c)(2).”.

(b) AMENDMENTS TO TITLE III.—

(1) Subsection (g) of section 324 (20 U.S.C. 1063(g)) is amended to read as follows:

“(g) SPECIAL RULE FOR CERTAIN DISTRICT OF COLUMBIA ELIGIBLE INSTITUTIONS.—

“(1) HOWARD UNIVERSITY.—In any fiscal year that the Secretary determines that Howard University will receive an allotment under subsections (b) and (c) which is not in excess of amounts received for such fiscal year by Howard University under the Act of March 2, 1867 (14 Stat. 438; 20 U.S.C. 123), relating to the annual appropriations for Howard University, then Howard University shall be ineligible to receive an allotment under this section.

“(2) UNIVERSITY OF THE DISTRICT OF COLUMBIA.—In any fiscal year, the University of the District of Columbia may receive financial assistance under this part, or under section 4(c) of the District of Columbia College Access Act of 1999 (P.L. 106–98), but not under both this part and such section.”.

(2) Section 326(e)(1) (20 U.S.C. 1063b(e)(1)) is amended, in the matter preceding subparagraph (A), by inserting a colon after “the following”.

(3) Section 342(5)(C) (20 U.S.C. 1066a(5)(C)) is amended—

(A) by inserting a comma after “equipment” the first place it appears; and

(B) by striking “technology,” and inserting “technology,”.

(4) Section 343(e) (20 U.S.C. 1066b(e)) is amended by inserting after the subsection designation the following: “SALE OF QUALIFIED BONDS.—”.

(5) Section 1024 (20 U.S.C. 1135b–3), as transferred by section 301(a)(5) of the Higher Education Amendments of 1998 (Public Law 105–244; 112 Stat. 636), is repealed.

(c) AMENDMENTS TO PART A OF TITLE IV.—

(1) Section 402D (20 U.S.C. 1070a–14) is amended—

(A) by redesignating subsection (c) as subsection (d); and

(B) by inserting after subsection (b) the following new subsection:

“(c) SPECIAL RULE.—

“(1) USE FOR STUDENT AID.—A recipient of a grant that undertakes any of the permissible services identified in subsection (b) may, in addition, use such funds to provide grant aid to students if the recipient demonstrates in its application, to the satisfaction of the Secretary, that the size of the grants the recipient will provide to students is appropriate and likely to have a significant impact on retention at that institution. In making grants to students under this subsection, an institution shall ensure that adequate consultation takes place between the student support service program office and the institution’s financial aid office.

“(2) ELIGIBLE STUDENTS.—For purposes of receiving grant aid under this subsection, eligible students shall be current participants in the student support services program offered by the institution and be—

“(A) students who are in their first 2 years of postsecondary education and who are receiving Federal Pell Grants under subpart 1; or

“(B) students who have completed their first 2 years of postsecondary education and who are receiving Federal Pell Grants under subpart 1 if the institution demonstrates to the satisfaction of the Secretary that—

“(i) these students are at high risk of dropping out; and

“(ii) it will first meet the needs of all its eligible first- and second-year students for services under this paragraph.

“(3) DETERMINATION OF NEED.—A grant provided to a student under paragraph (1) shall not be considered in determining that student’s need for grant or work assistance under this title, except that in no case shall the total amount of student financial assistance awarded to a student under this title exceed that student’s cost of attendance, as defined in section 472.

“(4) MATCHING REQUIRED.—A recipient of a grant who uses such funds for the purpose described in paragraph (1) shall match the funds used for such purpose, in cash, from non-Federal funds, in an amount that is not less than 33 percent of the total amount of funds used for that purpose. This paragraph shall not apply to any grant recipient that is an institution of higher education eligible to receive funds under part A or B of title III or title V.

“(5) RESERVATION.—For any fiscal year after the date of enactment of the Higher Education Technical Amendments of 2000, the Secretary may reserve not more than 20 percent of the funds available under this section for grant aid in accordance with this subsection.”.

(2)(A) Section 404A(b) (20 U.S.C. 1070a–21(b)) is amended by adding at the end thereof the following new paragraph:

“(3) DURATION.—An award made by the Secretary under this chapter to an eligible entity described in paragraph (1) or (2) of subsection (c) shall be for a period of 6 years.”.

(B) The amendment made by subparagraph (A) shall be effective for awards made for fiscal year 2000 and succeeding fiscal years, except that the Secretary shall permit recipients of 5-year grants made for fiscal year 1999 to amend their applications to include a 6-year project period.

(3) Section 415A(a)(2) (20 U.S.C. 1070c(a)(2)) is amended by striking “section 415F” and inserting “section 415E”.

(4) Section 415E(c) (20 U.S.C. 20 U.S.C. 1070c–3a(c)) is amended to read as follows:

“(c) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

“(1) making awards that—

“(A) supplement grants received under section 415A by eligible students who demonstrate financial need; or

“(B) provide grants under section 415A to additional eligible students who demonstrate financial need;

“(2) providing scholarships for eligible students—

“(A) who demonstrate financial need; and

“(B) who—

“(i) desire to enter a program of study leading to a career in—

“(I) information technology;

“(II) mathematics, computer science, or engineering; or

“(III) another field determined by the State to be critical to the State’s workforce needs; or

“(ii) demonstrate merit or academic achievement and desire; and

“(3) making awards that—

“(A) supplement community service work-study awards received under section 415A by eligible students who demonstrate financial need; or

“(B) provide community service work-study awards under section 415A to additional eligible students who demonstrate financial need.”.

(5) Section 415E (20 U.S.C. 20 U.S.C. 1070c–3a) is amended by adding at the end the following:

“(f) SPECIAL RULE.—Notwithstanding subsection (d), for purposes of determining a State’s share of the cost of the authorized activities described in subsection (c)—

“(1) in the case of a State that participates in the program authorized under this section in fiscal year 2000—

“(A) if such State participates in the program in fiscal year 2001, for that year the State shall consider only those expenditures from non-Federal sources that exceed its expenditures for activities authorized under this subpart for fiscal year 1999; or

“(B) if such State does not participate in the program in fiscal year 2001, but participates in the program in a succeeding fiscal year, for the first fiscal year after fiscal year 2001 in which the State participates in the program, the State shall consider only those expenditures from non-Federal sources that exceed its expenditures for activities authorized under this subpart for the preceding fiscal year, or fiscal year 1999, whichever is greater; and

“(2) in the case of a State that participates in the program authorized under this section for the first time after fiscal year 2000, for the first fiscal year in which the State participates in the program, the State shall consider only those expenditures from non-Federal sources that exceed its expenditures for activities authorized under this subpart for the preceding fiscal year.

“(g) USE OF FUNDS FOR ADMINISTRATIVE COSTS PROHIBITED.—A State receiving a grant under this section shall not use any of the grant funds to pay administrative costs associated with any of the authorized activities described in subsection (c).”.

(6) Section 419C(b)(1) (20 U.S.C. 1070d–33(b)(1)) is amended by inserting “and” after the semicolon at the end thereof.

(7) Section 419D(d) (20 U.S.C. 1070d–34(d)) is amended by striking “Public Law 95–1134” and inserting “Public Law 95–134”.

(d) AMENDMENTS TO PART B OF TITLE IV.—

(1) Section 425(a)(1)(A)(i)(II) (20 U.S.C. 1075(a)(1)(A)(i)(II)) is amended to read as follows:

“(II) if such student is enrolled in a program of undergraduate education that is less than 1 academic year, the maximum annual loan amount that such student may receive may not exceed the lesser of—

“(aa) the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in se-

- mester, trimester, quarter, or clock hours bears to 1 academic year; or
- “(bb) the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in weeks of instruction bears to 1 academic year;”.
- (2) Section 428(a)(2)(A) (20 U.S.C. 1078(a)(2)(A)(i)) is amended—
- (A) by striking “and” at the end of subclause (II) of clause (i); and
- (B) by moving the margin of clause (iii) two ems to the left.
- (3) Section 428(b)(1) is amended—
- (A) in subparagraph (A)(i), by striking subclause (II) and inserting the following:
- “(II) if such student is enrolled in a program of undergraduate education that is less than 1 academic year, the maximum annual loan amount that such student may receive may not exceed the lesser of—
- “(aa) the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to 1 academic year; or
- “(bb) the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in weeks of instruction bears to 1 academic year;”; and
- (B) in subparagraph (Y)(i), by striking “subparagraph (M)(i)” and inserting “subparagraph (M)(i)(I)”.
- (4) Section 428(c)(3)(B) (20 U.S.C. 1078(c)(3)(B)) is amended by inserting before the semicolon at the end the following: “and recorded in the borrower’s file, except that such regulations shall not require such agreements to be in writing”.
- (5) Section 428C(a)(3)(B) (20 U.S.C. 1078–3(a)(3)(B)) is amended by adding at the end the following new clause:
- “(ii) Loans made under this section shall, to the extent used to discharge loans made under this title, be counted against the applicable limitations on aggregate indebtedness contained in section 425(a)(2), 428(b)(1)(B), 428H(d), 455, and 464(a)(2)(B).”.
- (6) Section 428H(d)(2)(A)(ii) (20 U.S.C. 1078–8(d)(2)(A)(ii)) is amended to read as follows:
- “(ii) if such student is enrolled in a program of undergraduate education that is less than 1 academic year, the maximum annual loan amount that such student may receive may not exceed the lesser of—
- “(I) the amount that bears the same ratio to the amount specified in clause (i) as the length of such program measured in semester, trimester, quarter, or clock hours bears to 1 academic year; or
- “(II) the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in weeks of instruction bears to 1 academic year;”.
- (7) Section 428H(e) is amended—
- (A) by striking paragraph (6); and
- (B) by redesignating paragraph (7) as paragraph (6).
- (8) Section 432(m)(1) (20 U.S.C. 1082(m)(1)) is amended—
- (A) in subparagraph (B)—
- (i) in clause (i), by inserting “and” after the semicolon at the end; and
- (ii) in clause (ii), by striking “; and” and inserting a period;
- (B) by striking clause (iv) of subparagraph (D); and
- (C) by adding at the end the following new subparagraph:
- “(E) PERFECTION OF SECURITY INTERESTS IN STUDENT LOANS.—
- “(i) IN GENERAL.—Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in loans made under this part, on behalf of any eligible lender (as defined in section 435(d)) shall attach, be perfected, and be assigned priority in the manner provided by the applicable State’s law for perfection of security interests in accounts, as such law may be amended from time to time (including applicable transition provisions). If any such State’s law provides for a statutory lien to be created in such loans, such statutory lien may be created by the entity or entities governed by such State law in accordance with the applicable statutory provisions that created such a statutory lien.
- “(ii) COLLATERAL DESCRIPTION.—In addition to any other method for describing collateral in a legally sufficient manner permitted under the laws of the State, the description of collateral in any financing state-

ment filed pursuant to this section shall be deemed legally sufficient if it lists such loans, or refers to records (identifying such loans) retained by the secured party or any designee of the secured party identified in such financing statement, including the debtor or any loan servicer.

“(iii) SALES.—Notwithstanding clauses (i) and (ii) and any provisions of any State law to the contrary, other than any such State’s law providing for creation of a statutory lien, an outright sale of loans made under this part shall be effective and perfected automatically upon attachment as defined in the Uniform Commercial Code of such State.”

(9) Section 435(a)(5) (20 U.S.C. 1085(a)(5)) is amended—

(A) in subparagraph (A)(i), by striking “July 1, 2002,” and inserting “July 1, 2004,”; and

(B) in subparagraph (B), by striking “1999, 2000, and 2001” and inserting “1999 through 2003”.

(10) Subparagraphs (A) and (F) of section 438(b)(2) (20 U.S.C. 1087–1(b)(2)) are each amended by striking the last sentence.

(11) Section 439(d) (20 U.S.C. 1087–2(d)) is amended by striking paragraph (3).

(e) AMENDMENT TO PART C OF TITLE IV.—Section 443(b)(2)(B) (42 U.S.C. 2753(b)(2)(B)) is amended by inserting “(including a reasonable amount of time spent in travel or training directly related to such community service)” after “community service”.

(f) AMENDMENT TO PART D OF TITLE IV.—Paragraph (6) of section 455(b) (20 U.S.C. 1087e(b)), as redesignated by section 8301(c)(1) of the Transportation Equity for the 21st Century Act (112 Stat. 498) is redesignated as paragraph (8), and is moved to follow paragraph (7) as added by 452(b) of the Higher Education Amendments of 1998 (112 Stat. 1716).

(g) AMENDMENTS TO PART E OF TITLE IV.—

(1) Section 462(g)(1)(E)(i)(I) (20 U.S.C. 1087bb(g)(1)(E)(i)(I)) is amended by inserting “monthly” after “consecutive”.

(2) Section 464(c)(1)(D) (20 U.S.C. 1087dd(c)(1)(D)) is amended by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively.

(3) Section 464(c)(2)(A)(iv) is amended by inserting before the semicolon at the end the following: “, except that interest shall continue to accrue on such loans and such interest shall be eligible for cancellation under section 465”.

(4) Section 464(h) is amended—

(A) in paragraph (1)(A)—

(i) by inserting “, and the loan default has not been reduced to a judgment against the borrower,” after “defaulted on the loan”; and

(ii) by inserting after “held by the Secretary,” the following: “or if the borrower of a loan under this part who has defaulted on the loan elects to make a single payment equal to the full amount of principal and interest and collection costs owed on the loan,”; and

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

“(3) SPECIAL RULE.—At the discretion of the institution or the Secretary, for the purpose of receiving the benefits of this subsection, a loan that is in default and reduced to judgment may be considered rehabilitated if—

“(A) the borrower makes 12 on-time, consecutive, monthly payments of amounts owed on the loan, as determined by the institution, or by the Secretary in the case of a loan held by the Secretary; or

“(B) the borrower makes a single payment equal to the full amount of principal and interest and collection costs owed on the loan.”

(5)(A) Section 465(a)(2) (20 U.S.C. 1087ee(a)(2)) is amended—

(i) in subparagraph (A), by striking “section 111(c)” and inserting “section 1113(a)(5)”;

(ii) in subparagraph (C), by striking “With Disabilities” and inserting “with Disabilities”; and

(iii) in subparagraph (F), by inserting before the semicolon at the end the following: “, including full-time prosecutors and public defenders earning \$30,000 or less in adjusted gross income”.

(B) The amendment made by subparagraph (A)(iii) shall be effective on the date of enactment of this Act, except that such amendment shall not prevent any borrower who, prior to the date of enactment of this Act, was receiving cancellation of indebtedness under section 465(a)(2)(F) of the Higher Education Act of 1965 from continuing to receive such cancellation.

(6) Section 467(b) (20 U.S.C. 1087gg(b)) is amended by striking “(5)(A), (5)(B)(i), or (6)” and inserting “(4)(A), (4)(B), or (5)”.

(7) Section 469(c) (20 U.S.C. 1087ii(c)) is amended—

(A) by striking “sections 602(a)(1) and 672(1)” and inserting “sections 602(3) and 632(5)”;

(B) by striking “qualified professional provider of early intervention services” and inserting “early intervention services”; and

(C) by striking “section 672(2)” and inserting “section 632(4)”.

(h) AMENDMENTS TO PART F OF TITLE IV.—

(1) Section 471 (20 U.S.C. 1087kk) is amended by striking “subparts 1 or 2” and inserting “subpart 1, 2, or 4”.

(2) Section 478 (20 U.S.C. 1087rr) is amended—

(A) in subsection (b)(1)—

(i) by striking “academic year 1993–1994” and inserting “academic year 2000–2001”; and

(ii) by striking “December 1992” and inserting “December 1999”; and

(B) in subsection (h)—

(i) by striking “476(b)(4)(B),”; and

(ii) by striking “meals away from home, apparel and upkeep, transportation, and housekeeping services” and inserting “food away from home, apparel, transportation, and household furnishings and operations”.

(3)(A) Section 479A(a) (20 U.S.C. 1087tt(a)) is amended by inserting “a student’s status as a ward of the court at any time prior to attaining 18 years of age,” after “487,”.

(B) The amendment made by subparagraph (A) shall be effective for academic years beginning on or after July 1, 2001.

(i) AMENDMENTS TO PARTS G AND H OF TITLE IV.—

(1) Section 482(a) (20 U.S.C. 1089(a)) is amended by adding at the end the following new paragraph:

“(5) The Secretary shall provide a period for public comment of not less than 45 days after publication of any notice of proposed rulemaking published after the date of the enactment of the Higher Education Technical Amendments of 2000 affecting programs under this title.”.

(2) Section 483(d) (20 U.S.C. 1090(d)) is amended by striking “that is authorized under section 685(d)(2)(C)” and inserting “, or other appropriate provider of technical assistance and information on postsecondary educational services, that is supported under section 685”.

(3) Section 484 (20 U.S.C. 1091) is amended—

(A) in subsection (a)(4), by striking “certification,,” and inserting “certification,”;

(B) in subsection (b)(2)—

(i) in the matter preceding subparagraph (A), by striking “section 428A” and inserting “section 428H”;

(ii) in subparagraph (A), by inserting “and” after the semicolon at the end thereof;

(iii) in subparagraph (B), by striking “; and” and inserting a period; and

(iv) by striking subparagraph (C);

(C) in subsection (d)(3), by inserting “certifies that he or she” after “The student”; and

(D) in subsection (l)(1)(B)(i), by striking “section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act” and inserting “section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998”.

(4)(A) Section 484(r)(1) is amended by inserting after “controlled substance” the following: “during any period of enrollment for which the student was receiving assistance under this title”.

(B) Section 484(r) is further amended—

(i) by redesignating paragraph (3) as paragraph (5); and

(ii) by inserting after paragraph (2) the following new paragraphs:

“(3) CONSEQUENCES OF FAILURE TO ANSWER.—Any student who fails to answer a question of the common financial aid form developed under section 483 that relates to eligibility or ineligibility under this subsection shall be treated as ineligible until such question is answered.

“(4) NOTICE.—The Secretary shall require each institution of higher education to provide each student upon enrollment with a separate, clear, and conspicuous written notice that advises students of the penalties contained in this subsection.”.

(C) The amendments made by this paragraph shall be effective for academic years beginning on or after July 1, 2001.

(5)(A) Section 484B (20 U.S.C. 1091b) is amended—

(i) in subsection (a)(1), by inserting “subpart 4 of part A or” after “received under”;

(ii) in subsection (a)(3)(B)(ii) by inserting “(as determined in accordance with subsection (d))” after “student has completed”; and

(iii) in subsection (b)(2)—

(I) in subparagraph (B)(ii), by striking “subject to—” through to the end of such subparagraph and inserting “subject to the procedures described in subparagraph (C)(ii).”; and

(II) by amending subparagraph (C) to read as follows:

“(C) GRANT OVERPAYMENT REQUIREMENTS.—(i) Notwithstanding subparagraphs (A) and (B), but subject to clause (ii), a student shall not be required to return 50 percent of the total grant assistance received by a student under this title for a payment period or period of enrollment. A student shall not be required to return amounts of less than \$50.

“(ii) Subject to clause (iii), a student shall be permitted to repay any grant overpayment determined under this section under terms that permit the student to maintain his or her eligibility for further assistance under this title, including a period during which no payment is due from the student—

“(I) for 6 months, beginning on the day the student withdrew; and

“(II) while the student is pursuing at least a half-time course of study, as determined by the institution.

“(iii) Clause (ii) shall not apply to a student who is in default on any repayment obligations under this title, or who has not made satisfactory repayment arrangements with respect to such obligations.”.

(B) The amendments made by subparagraph (A) shall be effective for the academic year beginning July 1, 2001, except that, in the case of an institution of higher education that chooses to implement such amendments prior to that date, such amendments shall be effective on the date of such institution’s implementation.

(6) Section 485(a)(1) (20 U.S.C. 1092(a)(1)) is amended by striking “mailings, and” and inserting “mailings, or”.

(7)(A) Section 485(f)(1) (20 U.S.C. 1092(f)(1)) is amended by adding at the end the following new subparagraphs:

“(I) A statement of policy concerning the handling of reports on missing students, including—

“(i) the policy with respect to notification of parents, guardians, and local police agencies and timing of such notification; and

“(ii) the institution’s policy for investigating reports on missing students and for cooperating with local police agencies in the investigation of a report of a missing student.

“(J) A statement of policy regarding the availability of information, provided by the State to the institution pursuant to section 170101 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071), regarding sexually violent predators required to register under such section. Such statement shall include, at a minimum, the following:

“(i) An assurance that the institution shall make available to the campus community, through its law enforcement unit or other office, all such information concerning any person enrolled or employed at the institution.

“(ii) The means by which students and employees obtain access to such information.

“(iii) The frequency at which such information is updated.

“(iv) The type of information to be made available.

“(K) A description of campus fire safety practices and standards, including—

“(i) information with respect to each campus residence hall and whether or not such hall is equipped with a fire sprinkler system or other fire safety system;

“(ii) statistics concerning the occurrence on campus of fires and false alarms in residence halls, including information on deaths, injuries, and structural damage caused by such occurrences, if any, during the 2 preceding calendar years for which such data are available; and

“(iii) information regarding fire alarms, smoke alarms, fire escape planning or protocols (as defined in local fire codes), rules on portable electrical appliances, smoking and open flames, regular mandatory supervised fire drills, and any planned improvements in fire safety.”.

(B) The amendment made by this paragraph shall be effective for academic years beginning on or after July 1, 2001.

(8) Section 485(f) is further amended—



(A) in paragraph (3), by inserting after the first sentence the following: “In addition, each such institution shall make periodic reports to the campus community regarding fires and false fire alarms that are reported to a local fire department.”;

(B) in paragraph (5)—

(i) by striking “paragraph (1)(F)” and inserting “subparagraphs (F) and (J) of paragraph (1)”;

(ii) by striking “and” at the end of subparagraph (B);

(iii) in subparagraph (C), by striking “education, identify” and all that follows through the end and inserting the following: “education, identify—

“(i) exemplary campus security policies, procedures, and practices and disseminate information concerning those policies, procedures, and practices that have proven effective in the reduction of campus crime; and

“(ii) fire safety policies, procedures, and practices and disseminate information concerning those policies procedures and practices that have proven effective in the reduction of fires on campus; and”;

(iv) by adding at the end the following:

“(D) not later than July 1, 2002, prepare and submit a report to Congress containing—

“(i) an analysis of the current status of fire safety systems in college and university facilities, including sprinkler systems;

“(ii) an analysis of the appropriate fire safety standards to apply to these facilities, which the Secretary shall prepare after consultation with such fire safety experts, representatives of institutions of higher education, and Federal agencies as the Secretary, in the Secretary’s discretion, considers appropriate;

“(iii) an estimate of the cost of bringing all nonconforming residence halls and other campus buildings into compliance with appropriate building codes; and

“(iv) recommendations concerning the best means of meeting fire safety standards in all college facilities, including recommendations for methods of funding such costs.”.

(9) Section 485 is further amended by adding at the end the following new subsection:

“(h) NEW OR REVISED REQUIREMENTS.—For any new requirement for institutional disclosure or reporting under this Act enacted after April 1, 2000, the period for which data must be collected shall begin no sooner than 180 days after the publication of final regulations or guidance. The final regulations or guidance shall include any required data elements or method of collection (or both). The Secretary shall take reasonable and appropriate steps to ensure that institutions have adequate time to collect and prepare the required data before public disclosure or submission to the Secretary.”.

(10) Section 485B(a) (20 U.S.C. 1092b(a)) is amended—

(A) by redesignating the paragraphs following paragraph (5) (as added by section 2008 of Public Law 101–239) as paragraphs (6) through (11), respectively; and

(B) in such paragraph (5)—

(i) by striking “(22 U.S.C. 2501 et seq.)” and inserting “(22 U.S.C. 2501 et seq.)”; and

(ii) by striking the period at the end thereof and inserting a semicolon.

(11) Section 487(a)(22) (20 U.S.C. 1094(a)(22)) is amended by striking “refund policy” and inserting “refund of title IV funds policy”.

(12) Section 491(c) (20 U.S.C. 1098(c)) is amended by adding at the end the following new paragraph:

“(3) The appointment of members under subparagraphs (A) and (B) of paragraph (1) shall be effective upon publication of the appointment in the Congressional Record.”.

(13) Section 498 (20 U.S.C. 1099c) is amended—

(A) in subsection (b)(5), by striking “institution,” and inserting “institution (but subject to the requirements of section 484(b))”;

(B) in subsection (c)(2), by striking “for profit,” and inserting “for-profit,”; and

(C) in subsection (d)(1)(B), by inserting “and” at the end thereof.

(j) AMENDMENTS TO TITLE V.—

(1) Section 504(a) (20 U.S.C. 1101c(a)) is amended—

(A) by striking “(1) IN GENERAL.—”; and

(B) by striking paragraph (2).

- (2) The amendments made by this subsection shall be effective on the date of enactment of this Act.
- (k) AMENDMENT TO TITLE VI.—Section 604(c) (20 U.S.C. 1124(c)) is amended by striking “this part” and inserting “this title”.
- (l) AMENDMENTS TO TITLE VII.—
- (1) Section 701(a) (20 U.S.C. 1134(a)) is amended by striking the third sentence and inserting the following: “Funds appropriated for a fiscal year shall be obligated and expended for fellowships under this subpart for use in the academic year beginning after July 1 of such fiscal year.”.
- (2) Section 714(c) (20 U.S.C. 1135(c)) is amended—
- (A) by striking “section 716(a)” and inserting “section 715(a)”; and
- (B) by striking “section 714(b)(2)” and inserting “section 713(b)(2)”.
- (m) AMENDMENT TO TITLE VIII.—Section 857(a) of the Higher Education Amendments of 1998 (112 Stat. 1824) is amended by striking “1999” and inserting “2001”.

#### PURPOSE

The purpose of H.R. 4504, the Higher Education Technical Amendments of 2000, is to make necessary technical amendments to the Higher Education Act of 1965, as well as policy adjustments, in order to ensure that the Higher Education Amendments of 1998 are implemented according to congressional intent.

#### SUMMARY

##### *Section 1*

Section 1 designates the short title of H.R. 4504 as the Higher Education Technical Amendments of 2000, specifies that the provisions of the bill amend the Higher Education Act of 1965, and makes these amendments (except as otherwise provided in the legislation) effective as if they were enacted as part of the Higher Education Amendments of 1998 (P.L. 105–244).

##### *Section 2*

Section 2 of H.R. 4504 amends the Higher Education Act of 1965 to make technical corrections and in some instances policy adjustments to ensure that the Higher Education Amendments of 1998 (P.L. 105–244) are implemented as intended by Congress. Specific adjustments are as follows.

Subsection (a) amends Title I of the Higher Education Act of 1965. It clarifies that institutions of higher education may enroll home-schooled students receiving federal financial aid under section 484(d)(3) without jeopardizing their Title IV eligibility. In addition, subsection (a) corrects a drafting error in the Higher Education Amendments of 1998 that would have made students at certain non-profit foreign veterinary schools ineligible for student loans under the act. It also corrects a reference to the Carl Perkins Vocational and Applied Technology Education Act, conforms the definition of the term “new borrower” under Part B or Part D of the Higher Education Act with that of Part E of the act to mean an individual with no outstanding balance of principal or interest, and makes clarifying amendments to provisions of the act which provide information on the cost of a college education. Finally subsection (a) amends Part D of Title I (regarding the Performance Based Organization) to include guarantors in the consultative process for the annual performance plan, and requires the names and compensation of individuals hired under the “excepted service” clause to be included in the annual report submitted to Congress.

Subsection (b) of H.R. 4504 amends Title III of the Higher Education Act of 1965. It clarifies that the University of the District of Columbia may receive funding under Part B of Title III, or under Part B of the District of Columbia College Access Act (P.L. 106-98), but not under both. In addition, it repeals an outdated provision of the law regarding college construction bonds.

Subsection (c) of H.R. 4504 amends Part A of Title IV of the Higher Education Act of 1965. It allows grantees receiving funding under the Student Support Services program within TRIO to use part of these funds for direct grant aid to students of such aid is likely to have a significant impact on retention rates at their institutions. Grantees using funds for this purpose are required to match at least 33 percent of the funds used for grant aid in cash from non-federal sources. In addition, it clarifies services provided under the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) may be used to serve a student cohort for a six-year period. Finally, subsection (c) clarifies that funds provided under the Special Leveraging Educational Partnership Program may not be used for administrative purposes, and that required matching funds must come from new sources.

Subsection (d) of H.R. 4504 amends Part B of Title IV of the Higher Education Act of 1965. It clarifies provisions regarding the proration of student assistance for individuals in short-term programs. It allows student loan forbearance to be granted without requiring the agreement to be in writing, as long as a record is maintained in the borrowers file. It also allows borrowers eligibility for half-time deferments, regardless of when they took the loan, except that it doesn't apply to pre-1987 borrowers due to cost constraints. Subsection (d) also conforms the act with current practices regarding the perfection of security interests for student loans when pledging loans as collateral. Finally, it extends the date for eliminating eligibility of Historically Black Colleges and Universities (HBCUs) due to high default rates from July 1, 2002 to July 1, 2004.

Subsection (e) amends Part C of Title IV of the Higher Education Act of 1965 to correct a drafting error in the Higher Education Amendments of 1998 that would have limited the use of work-study funds for travel and training after Fiscal Year 1998.

Subsection (f) corrects a drafting error in Part D of Title IV of the Higher Education Act.

Subsection (g) amends Part E of Title IV of the Higher Education Act to clarify that a Perkins loan borrower must make six consecutive monthly payments in order to be excluded from default rate calculations. It also clarifies that loans in deferment as a result of a borrower performing service that will result in loan cancellation are reimbursed for interest as well as principal, allows borrowers in default to get the benefit of rehabilitation if they repay in full with a single payment, and allows the secretary or the institution to offer rehabilitation even if the loan has been reduced to judgment. In addition, a provision was added which allows prosecutors or public defenders to receive Perkins Loan forgiveness if their adjusted gross income is \$30,000 or less.

Subsection (h) amends Part F of Title IV of the Higher Education Act. It clarifies that aid received under the Leveraging Educational Assistance Partnership Program is excluded from the definition of

“amount of need” for Title IV programs, and that financial aid administrators may exercise professional judgment when awarding aid to students that were a ward of the court prior to attaining 18 years of age.

Subsection (i) amends Parts G and H of the Higher Education Act. It requires the secretary to provide a 45-day comment period after the publication of any Notice of Proposed Rule Making (NPRM), and requires that new disclosure or reporting requirements shall not go into effect until at least 180 days after the publication as final regulations. It clarifies that students schooled in home school settings must certify completion of a secondary school education for the receipt of federal financial assistance. Subsection (i) also amends the drug conviction ineligibility requirements to clarify that a student is only ineligible if the conviction occurred while the student was enrolled in a postsecondary institution and receiving federal financial aid, that students must answer the question on the FAFSA pertaining to drug convictions prior to receiving assistance, and that schools must report these penalties to students. Subsection (i) also corrects the department’s interpretation of the return of federal funds provisions such that schools may use scheduled hours rather than completed hours for calculating the amount of aid earned if the student has completed 70 percent of the scheduled hours, and clarifies that a student is never required to return more than 50 percent of grant aid received. It also adds provisions so that students are not required to return amounts less than \$50, may delay repayment for up to six months after withdrawing, and may delay repayment while enrolled at least half time. This subsection also clarifies that required information may be provided to students electronically, rather than in writing. Subsection (i) amends the campus crime reporting provisions to require institutions to have and publish a policy regarding the handling of reports of missing students; to have a policy regarding the availability of information on violent sexual predators on campus and to make such information available if it is provided by the state; and to provide information on fire safety on campus. Finally, subsection (i) clarifies that congressional appointments to the Advisory Committee on Student Financial Assistance are effective upon publication in the Congressional Record.

Subsection (j) amends Title V of the Higher Education Act to eliminate the two-year wait out period for applying for a grant for Hispanic-Serving institutions.

Subsection (k) corrects a reference within Title VI of the Higher Education Act.

Subsection (l) amends Title VII of the Higher Education Act to clarify that the Javits program is to receive forward funding in the future.

Subsection (m) amends Title VIII of the Higher Education Amendments of 1998 to correct a date reference regarding the Web-Based Commission.

#### COMMITTEE ACTION

On May 19, 2000 Representative Howard P. “Buck” McKeon (R-CA) introduced H.R. 4504, the Higher Education Technical Amendments of 2000. H.R. 4504 makes necessary technical corrections and includes clarifying language to the Higher Education Amend-

ments of 1998 (P.L. 105–244). In addition, the bill also includes specific policy changes that are necessary in order to ensure that the 1998 amendments are implemented as intended. On the basis of further recommendations from Committee members and the higher education community, an amendment in the nature of a substitute was prepared. The Committee on Education and the Workforce considered this substitute to H.R. 4504 in legislative session on May 25, 2000 during which seven amendments were considered on which two roll call votes were taken. The Committee on Education and the Workforce with a majority of the Committee present favorably reported H.R. 4504 to the House of Representatives by voice vote on May 25, 2000.

Below is a description of the adopted amendments to H.R. 4504.

- Mr. McKeon (R–CA) offered an amendment in the nature of a substitute.

- Mr. Salmon (R–AZ) offered an amendment to the Campus Crime Reporting provisions requiring institutions of higher education to disclose their policy regarding the availability of information about registered sexually violent offenders received from a state pursuant to “Meagan’s Law,” including a statement that they will disclose such information if the state provides it.

- Mrs. Roukema (R–NJ) offered an amendment to include information regarding fire safety and statistics on fires and false alarms that occur on collage campuses under the campus security section.

- Mr. Miller (D–CA) offered an amendment to require institutions of higher education to provide each student upon enrollment a separate, clear and conspicuous written notice advising the student of the penalties for drug-related offenses with regard to their eligibility for federal financial aid.

- Mr. Payne (D–NJ) offered an amendment to extend loan forgiveness under the Perkins Loan Program to prosecutors and public defenders under the category of law enforcement. Mr. Goodling (R–PA) offered a second degree amendment that was accepted to limit loan forgiveness to prosecutors and public defenders earning \$30,000 or less in adjusted gross income.

#### COMMITTEE VIEWS

In addition to the many technical and clarifying changes included in the Higher Education Technical Amendments of 2000, there are some important policy changes that the Committee included in order to improve the specific programs for students, institutions of higher education and participants in the student loan program.

#### STUDENT SUPPORT SERVICES

One of the significant changes included by the Committee affects the Student Support Services Program. This information is one of the current TRIO programs and it is targeted to students from low-income families who are at risk of dropping out of college. Institutions of higher education that have a Student Support Services grant provide these students with intensive counseling, mentoring services, academic support and other services all designed to increase college retention and graduate rates for these students. The Committee has decided to expand the program in order to allow institutions that provide services under this program to use a portion

of their grant money to provide direct grants to aid students. Institutions that wish to use funds for grant aid will have to demonstrate in their application that such a use of funds is likely to have a significant impact on retention rates at their institution. In addition, institutions that wish to use funds for grant aid will have to match those funds, in cash, in an amount that is not less than 33 percent of the total amount of funds from the Student Support Services Program used for direct grant aid.

While each institution would determine which combination of services and assistance to offer its at-risk students, the particular services and assistance that would be available are designed to address the factors most significantly associated with the failure to complete a baccalaureate degree program. Support services and a substantial increase in grant aid would help primarily those students who are likely to drop out of college as a result of academic problems that often result from a student having to work full time while enrolled. The Committee is optimistic that an expanded Student Support Services Program will help eliminate the discrepancy that currently exists in baccalaureate degree attainment rates for students from low- and high-income families by supporting specific activities that research has shown to improve student retention for students at risk of dropping out of college.

#### INSTITUTIONAL ELIGIBILITY

Another important change included by the Committee impacts the eligibility of Historically Black Colleges and Universities (HBCUs) to participate in the federal student aid programs. These institutions play a vital role in providing access to postsecondary education for students who might not otherwise enroll in higher education. Under the Higher Education Amendments of 1998, HBCUs may participate in the student aid programs until July 1, 2002, even though their cohort default rates are in excess of 25 percent for the three most recent fiscal years for which data are available. The exemption is available to these institutions provided that they submit an acceptable default management plan to the Department of Education by July 1, 1999; engage an independent third party to provide technical assistance in implementing the plan; and provide evidence of improvement and successful implementation of the plan. In adopting this provision, the Committee intended that the July 1, 1999 plans and implementation strategies result in default rate reductions that would bring the affected institutions into compliance and that they would then be subject to the same rules as all other institutions. However, the elimination of the exemption as of July 1, 2002, does not provide sufficient time for the affected institutions to take the actions outlined in the default management plans to reduce their cohort default rates.

To illustrate, the first eligibility determinations made after July 1, 2002, will be based on cohort default rates for fiscal years 1997, 1998 and 1999. The required default management plans were not due until July 1, 1999, so any actions resulting from the plans could have had no effect on the fiscal year 1997 cohort default rate, and only a minimal effect on the fiscal year 1998 cohort default rate. In order to provide these institutions with an opportunity to implement the default management plans and make changes that will affect a full three years of cohort default rates, the Committee

decided to extend the exemption until July 1, 2004. Eligibility determinations made after July 1, 2004, will be based on cohort default rates for fiscal years 1999, 2000, and 2001, and will reflect the impact of the default management plans required by this Committee in the Higher Education Amendments of 1998.

#### PERKINS LOAN PROGRAM

The Committee adopted several changes to the Perkins Loan Program in order to improve the administration of the program and to assist students in certain circumstances. The first change makes clear that the Committee intends for the Department of Education to reimburse institutions of higher education for principal and interest if a borrower's payments are deferred while performing public service that ultimately results in a borrower's loan being cancelled. Currently, the Department of Education is only reimbursing institutions for the amount of outstanding principal which results in a reduction in Perkins Loan funds available to other needy students. The department's action penalizes future students when current borrowers take advantage of the available deferment and cancellation benefits allowed under the Perkins Loan Program and is contrary to the intent of the Committee.

The second change affects the eligibility of a Perkins Loan borrower who has defaulted on his or her repayment obligations to receive the benefit of loan rehabilitation. Currently, the law extends the benefits of loan rehabilitation, including reinstatement of eligibility for student aid, to borrowers who make 12 on-time, consecutive monthly payments. However, a borrower who pays his or her defaulted loan in full in one lump sum payment is not eligible for the benefits of loan rehabilitation. The Committee does not believe that policy is in the best interests of the program or the student. If a borrower is willing and able to pay their defaulted loan in full, including all principal, interest and collection costs, that borrower should be eligible for the benefits of loan rehabilitation. H.R. 4504 makes that change.

In addition, the Committee believes that an institution of higher education or the secretary, if the secretary holds the defaulted loan of a borrower, should have the option to offer loan rehabilitation to a borrower even if the defaulted loan has been reduced to judgment. However, the Committee does not believe that a borrower in this situation should be entitled to loan rehabilitation. In many cases, institutions of higher education have gone to significant time and expense in obtaining a judgment against a borrower who refuses to repay a loan in default. In those cases, it may not be in the best interest of the program, both financially and legally, to require that borrowers be offered the benefits of loan rehabilitation. The Committee believes that decision is best left to the institution or the secretary, on a case-by-case basis.

The last change reflects an amendment adopted by the Committee during consideration of H.R. 4504, and extends loan cancellation benefits to full-time public defenders and codifies a Department of Education interpretation that full-time prosecutors are eligible for loan cancellation under the law enforcement category. The Committee limited loan cancellation for prosecutors and public defenders to those who have an adjusted gross income of \$30,000 or less. Several members of the Committee supported the under-

lying bill which prohibited loan cancellation for both prosecutors and public defenders. Those members did not believe that prosecutors and public defenders meet the basic test for using taxpayer funds for loan forgiveness. Previously, loan forgiveness has been targeted to persons who enter low-paying occupations, occupations that have severe shortages, or occupations related to a national need.

#### STUDENT ELIGIBILITY

H.R. 4504 includes clarifying language related to the ineligibility of students convicted of drug offenses to receive student aid. Specifically, the Committee clarified that this provision only applies to students enrolled in postsecondary education and receiving student aid. In addition, H.R. 4505 makes it clear that a student who fails to answer the drug conviction question on the Free Application for Federal Student Aid is ineligible to receive federal aid until such time as the question is answered. This provision is in direct response to the action taken by the Department of Education that allowed students who failed to answer the question to receive student aid. During the Committee's consideration of H.R. 4504, an amendment was adopted requiring all institutions of higher education to provide students with a separate, clear and conspicuous written notice that advises students of the potential loss of student aid if the question of drug convictions is not answered on the application.

#### MASTER CALENDAR AND DISCLOSURES

The Committee included a change to the master calendar provisions and adopted a new provision related to disclosure and reporting requirements at the urging of the higher education community. The master calendar change requires the Secretary of Education to provide not less than 45 days for public comment after publication of a notice of proposed rulemaking. The Committee believes that it is important to ensure that all parties are given adequate time to review and comment on significant regulations affecting the student aid programs. Although some groups would have preferred a longer period of time, the Committee believes that 45 days provides a reasonable period of time without causing disruptive delays in the regulatory process.

H.R. 4504 also includes a new provision recommended by the higher education community aimed at ensuring that parties have sufficient time to comply with new disclosure and reporting requirements adopted by Congress. Similar to the regulatory comment period, some groups wanted a longer time for complying with new requirements than what was adopted by the Committee. However, the Committee believes that a period of 180 days after publication of final regulations should be sufficient time for modifying data systems and reporting documents when a new reporting or disclosure requirement is adopted.

H.R. 4504 includes three new provisions all related to campus security. The Committee continues to be concerned about the safety of our nation's college students on college campuses and believes that college administrators need to provide information to students and parents related to campus security. The first provision which is based on H.R. 3619 introduced by Representative Andrews of New Jersey, requires institutions of higher education to have a pol-



icy related to the handling of reports on missing students, including the notification of parents, guardians and local police. This policy must be included in the institution's annual security report which is distributed to students and employees.

The second provision which is based on H.R. 4407 introduced by Representative Salmon of Arizona, requires institutions to have a policy regarding the availability of information provided by the state under the Violent Crime Control and Law Enforcement Act with respect to registered sexually violent predators. Specifically, the policy must include an assurance that information received from the state will be made available, the means for accessing such information, the frequency with which it is updated, and the type of information to be made available. This policy must be included in the institution's annual security report which is distributed to students and employees.

The third provision which was an amendment offered by Representative Roukema of New Jersey requires institutions to include in their annual security report a description of campus fire safety practices and standards. The information to be included must describe the fire sprinkler system or other fire safety system maintained in each campus residence hall; statistics on fires and false alarms in residence halls, including deaths, injuries and structural damage; and other information related to smoke alarms, fire escape protocols, rules on electrical appliances, smoking, open flames and fire drills. Institutions are required to make periodic reports to the campus community regarding fires and false alarms and report statistics to the Department of Education. The Secretary of Education is to report to Congress by July 1, 2002, and provide an analysis of current fire safety systems in colleges; an analysis of the appropriate fire safety standards to apply to these facilities; an estimate of the cost of bringing nonconforming facilities into compliance with appropriate building codes; and recommendations on how to best meet fire safety standards.

#### RETURN OF TITLE IV FUNDS

The most significant change to Title IV of the Higher Education Act affects the return of Title IV funds by a student. The changes made to the procedures for the return, by a student, of grant and loan assistance provided under Title IV of the Higher Education Act when he or she withdraws from an institution of higher education were a direct result of concerns raised by the higher education community with respect to the impact of current law on students from low-income families. These changes pertain to the return of federal grant overpayments and are designed to lessen the impact of the changes made by the Higher Education Amendments of 1998 on the lowest income students.

The first change simply clarifies current law in order to make it clear that a program that is measured in clock hours may, under certain circumstances, use scheduled hours to determine the percentage of the payment period or period of enrollment for which assistance has been earned.

The second change, which will assist students from the lowest income families who receive large Pell Grant awards, makes it clear that students are never to return more than 50 percent of the total grant assistance they received. The student's responsibility under

current law to repay, upon withdrawal, some portion of Title IV grant assistance that may exceed 50 percent of the amount received, can make it difficult for a student to return to postsecondary education at a later date. This obstacle falls disproportionately on students from the lowest income families since they are the recipients of the majority of Pell Grant funds. This change would help alleviate this burden while ensuring that students are responsible for returning some portion of the grant assistance received from the federal government.

The third change would permit a student to repay a grant overpayment on terms that enable the student to retain his or her eligibility for additional assistance under Title IV. A student would receive a six-month grace period that would begin on the day the student withdrew in order to give a student an opportunity to find the resources necessary to repay the grant overpayment. This change makes the repayment of a grant overpayment similar to loan repayments which begin six months after a student withdraws from a postsecondary education. In addition, if a student re-enrolled in postsecondary education on at least a half-time basis, repayment of the grant overpayment would be deferred during the period of enrollment. This change would eliminate a barrier that may currently prevent a low-income student from making another attempt to obtain a postsecondary education.

In order to give institutions of higher education sufficient time to implement these changes, the effective date for implementing the return of funds changes will be the academic year beginning July 1, 2001. However, an institution of higher education that wishes to provide these benefits to students prior to that date has the option to implement these changes prior to the stated effective date.

#### HISPANIC-SERVING INSTITUTIONS

H.R. 4504 makes a change to Title V of the Higher Education Act with respect to Hispanic-serving institutions. The Committee decided to eliminate the two-year wait-out period that prevents institutions from applying for a new grant until two years have elapsed after the expiration of a prior grant. The Committee's action is consistent with H.R. 3629 that was reported by the Committee, passed by the House on suspension on May 2, 2000 and signed into law by the president on May 26, 2000. H.R. 3629 deleted that exact same wait-out provision that applied to Tribal Colleges and Alaska Native and Native Hawaiian-serving institutions under Title III of the Higher Education Act. The Committee has determined that there is no need for a wait-out period in this program due to the funding available and the limited number of institutions eligible for grant assistance. By removing this restriction, funds for institutional development can go the maximum number of institutions that submit a qualified application.

#### SECTION-BY-SECTION ANALYSIS

Section 1—sets forth the short title as the Higher Education Technical Amendments of 2000; provides that all amendments and repeals shall be considered to refer to the Higher Education Act of 1965; and sets forth the effective date.

Section 2—provides the provisions making technical amendments to the Higher Education Act.

Section 2(a)—provides the provisions amending Title I.

Section 2(b)—provides the provisions amending Title III.

Section 2(c)—provides the provisions amending Title IV, Part A.

Section 2(d)—provides the provisions amending Title IV, Part B.

Section 2(e)—provides the provisions amending Title IV, Part C.

Section 2(f)—provides the provisions amending Title IV, Part D.

Section 2(g)—provides the provisions amending Title IV, Part E.

Section 2(h)—provides the provisions amending Title IV, Part F.

Section 2(i)—provides the provisions amending Title IV, Parts G and H.

Section 2(j)—provides the provisions amending Title V.

Section 2(k)—provides the provisions amending Title VI.

Section 2(l)—provides the provisions amending Title VII.

Section 2(m)—provides the provisions amending Title VIII.

#### EXPLANATION OF AMENDMENTS

The Amendment in the Nature of a Substitute is explained in the body of this report.

#### APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. The purpose of H.R. 4504, the Higher Education Technical Amendments of 2000, is to make necessary technical amendments to the Higher Education Act of 1965, as well as policy adjustments, in order to ensure that the Higher Education Amendments of 1998 are implemented according to congressional intent. The bill does not prevent legislative branch employees from receiving the benefits of this legislation.

#### UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the provisions of the reported bill include unfunded mandates. The purpose of H.R. 4504 is to make necessary technical amendments to the Higher Education Act of 1965, as well as policy adjustments, in order to ensure that the Higher Education Amendments of 1998 are implemented according to congressional intent. As such, the bill does not contain any unfunded mandates.

#### ROLLCALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

## COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 1 BILL H.R. 4304 DATE May 25, 2000

AMENDMENT NUMBER 6 PASSED 25-19

SPONSOR/AMENDMENT Mr. Payne as amended by Chairman Goodling / amendment to reinstate loan forgiveness for district attorneys and adding public defenders under Perkins Loan program but only for those attorneys earning \$30,000 or less in adjusted gross income

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. GOODLING, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. BARRETT		X		
Mr. BOEHNER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE	X			
Mr. JOHNSON		X		
Mr. TALENT				X
Mr. GREENWOOD		X		
Mr. GRAHAM	X			
Mr. SOUDER		X		
Mr. McINTOSH				X
Mr. NORWOOD				X
Mr. PAUL		X		
Mr. SCHAFFER		X		
Mr. UPTON				X
Mr. DEAL	X			
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. SALMON		X		
Mr. TANCREDO		X		
Mr. FLETCHER	X			
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. CLAY	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. MARTINEZ	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. ROMERO-BARCELO				X
Mr. FATTAH	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
<b>TOTALS</b>	25	19		5

## COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 2 BILL H.R. 4504 DATE May 25, 2000

AMENDMENT NUMBER 4 DEFEATED 16 - 30

SPONSOR/AMENDMENT Mr. Scott / amendment to strike the provision that makes students ineligible for student aid if convicted of a drug related offense

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. GOODLING, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. BARRETT		X		
Mr. BOEHNER		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. TALENT				X
Mr. GREENWOOD		X		
Mr. GRAHAM		X		
Mr. SOUDER		X		
Mr. McINTOSH		X		
Mr. NORWOOD		X		
Mr. PAUL		X		
Mr. SCHAFFER		X		
Mr. UPTON				X
Mr. DEAL		X		
Mr. HILLEARY		X		
Mr. EHLERS		X		
Mr. SALMON		X		
Mr. TANCREDO		X		
Mr. FLETCHER		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
Mr. CLAY	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. MARTINEZ		X		
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER		X		
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. ROMERO-BARCELO				X
Mr. FATTAH	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY		X		
Mr. TIERNEY	X			
Mr. KIND		X		
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
Mr. WU		X		
Mr. HOLT	X			
<b>TOTALS</b>	16	30		3

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF  
THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

NEW BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of Budget Act of 1974, the Committee has received the following cost estimate for H.R. 4504 from the Director of the Congressional Budget Office:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, June 7, 2000.*

Hon. WILLIAM F. GOODLING,  
*Chairman, Committee on Education and the Workforce, House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4504, the Higher Education Technical Amendments of 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Kalcevic.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippin, Director).

Enclosure.

*H.R. 4504—Higher Education Technical Amendments of 2000*

Summary: H.R. 4504 would amend the Higher Education Act of 1965 to make numerous technical and clarifying amendments to the statutes that govern federal student aid. In addition, the bill would change the policy on tuition refunds for Pell grants, extend for one additional year the authorization for the Web-Based Education Commission, and require the Department of Education to conduct a study of fire safety in college dormitories.

CBO estimates that implementing H.R. 4504 would cost \$13 million over the 2001–2005 period, assuming appropriation of the necessary funds. Enacting this bill also would increase direct spending, so pay-as-you-go procedures would apply; but CBO estimates those changes would be negligible.

H.R. 4504 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs, if any, would not exceed the threshold in that act (\$55 million in 2000, adjusted annually for inflation). Any other costs incurred by state, local, or tribal governments would result from complying with conditions of aid. The bill contains no private-sector mandates as defined in UMRA.

Estimated cost to the Federal Government: The estimated budgetary impact H.R. 4504 is shown in the following table. The costs

of this legislation fall within budget function 500 (education, employment training, and social services).

	By fiscal year, in millions of dollars—					
	2000	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION <sup>1</sup>						
Spending Under Current Law:						
Estimated Authorization Level <sup>2</sup> .....	9,375	9,534	9,684	9,853	10,022	0
Estimated Outlays .....	9,122	9,711	9,885	10,043	10,215	8,439
Proposed Changes:						
Estimated Authorization Level .....	0	1	3	3	3	3
Estimated Outlays .....	0	1	( <sup>3</sup> )	3	3	3
Spending Under H.R. 4504:						
Estimated Authorization Level <sup>2</sup> .....	9,375	9,535	9,687	9,856	10,025	3
Estimated Outlays .....	9,122	9,711	9,885	10,046	10,218	8,442

<sup>1</sup> H.R. 4504 also would affect direct spending, but by negligible amounts.

<sup>2</sup> The 2000 level is the amount appropriated for that year for student financial assistance. Subsequent years show CBO baseline levels that include annual adjustments for anticipated inflation. The baseline levels without adjustments for inflation would stay constant at \$9,375 million.

<sup>3</sup> =Less than \$500,000.

Basis of estimate: For this estimate, CBO assumes that H.R. 4504 will be enacted by the end of fiscal year 2000, and that funds necessary to implement the bill will be appropriated for each year.

#### *Spending subject to appropriation*

H.R. 4504 would increase estimated authorization levels by \$1 million in 2001 and \$13 million over the 2001–2005 period. These costs are the sum of several changes in authorizations. The bill would:

- Extend the temporary Web-Based Education Commission through 2001,
- Authorize the Department of Education to conduct a study on the fire safety issues related to college dormitories, and
- Make three changes to the refund policy for the Pell grants.

Web-Based Education Commission. Under current law, the authorization for the Web-Based Education Commission expires at the end of 2000. Funding for this commission is \$450,000 for 2000. H.R. 4504 would extend the authorization at that level for one more year.

Fire Safety Study. H.R. 4504 would authorize the Department of Education to conduct a study on the fire safety issues related to college dormitories and to estimate the cost of bringing all dormitories into compliance with fire codes. The bill would require the department to complete the study by July 2002. Based on information from the department, CBO estimates this study would cost about \$250,000 over the 2001–2002 period.

Pell Grant Refund Policy. H.R. 4504 would require the refund policies for Pell grants to be altered in several ways beginning in academic year 2001–2002. Individual schools could implement the change during the 2000–2001 academic year. First, the amount of Pell grants that a student who drops out of school during a semester would have to repay to the federal government would be reduced by 50 percent of the original grant awarded. Second, students who owe less than \$50 would not have to repay any amount to the federal government. Third, students would be given a six-month grace period after they drop out to begin repayment, and no payments would have to be made while they attended school. Cur-

rently, students must return 50 percent of the amount due immediately and without regard to the amount owed.

CBO estimates that these changes would cost \$3 million a year, beginning in 2002. This estimate is based on data from the National Student Loan Data System, which includes information on all overpayments of federal grants. These data were adjusted to reflect only the amount owed by Pell grant recipients who drop out during a semester. Based on the data, CBO estimates relatively few students would be affected by these refund policy changes.

Much of the budgetary impact of this change is shown in the year following the distribution of the Pell grant to the student. Refund payments from students are recorded when the dropout occurs so estimated authorization for this change is assumed to occur in the year after funds were appropriated for the Pell grant.

#### *Direct spending*

H.R. 4504 would make numerous changes in the student loan program. Most of the changes are clarifying and technical in nature. Some changes could have federal cost impacts, but CBO estimates the federal costs of all the changes combined would be negligible. In particular, the bill would:

- Extend for two additional years the exemption of certain minority institutions with high default rates,
- Change the requirements under which students convicted for drug offenses can receive federal aid, and
- Modify certain tuition refund rules affecting both student loans and Pell grants.

**Exemption for Certain Institutions of Higher Education with High Default Rates.** The two-year extension applies to certain minority institutions with default rates exceeding 25 percent. The current exemptions expire in 2002. Based on information published by the Department of Education on Default rates of the few schools potentially affected by this amendment, CBO estimates that the cost of the extension would be insignificant.

**Students with Drug Offenses.** H.R. 4504 would change the restrictions on receiving federal student aid for students convicted of a drug offense. Currently, a student is not eligible for federal student aid for a statutory period of time after the conviction—the time period increases with the number of convictions. Under the bill, only students who were convicted of a drug offense while they were receiving federal student aid would be prohibited from receiving aid for the statutory period. In addition, any student would be deemed ineligible for aid if they fail to answer the drug-related questions on the application for federal student aid.

The current drug-related rules are being implemented for the first time in academic year 2000–2001. Based on preliminary data from early applications and calls to the national student aid hotline, CBO estimates that the changes included in H.R. 4504 would have a minor effect on the participation in and costs of federal student aid programs.

**Tuition Refund Policies.** The bill also would require changes in the tuition refund rules for some postsecondary education programs beginning for academic year 2001–2002 (although schools could implement the rules before that date). The change is expected to have a negligible impact on the costs of the federal student aid pro-



grams. For a program that uses clock-hours rather than credit hours to set the length of a course, the refund would be based on the percentage of scheduled hours that have elapsed rather than completed hours in some circumstances.

The direct spending effects of the refund changes are generally associated with the student loan programs, but may also occur in the Pell grant program under certain circumstances. If the changes affect Pell grants funded out of existing appropriations, these effects would be considered mandatory spending. Because few schools are expected to implement the new refund policy during academic year 2000–2001, CBO estimates the tuition refund policy changes would have a negligible impact on Pell grants funded out of existing appropriations.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Acts sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Enacting H.R. 4504 would affect direct spending, but CBO estimates that the effects would be less than \$500,000 a year.

Estimated impact on state, local, and tribal governments: H.R. 4504 would preempt certain state laws by limiting states' options for securing a creditor's interest in student loans. Under current law, some states allow the use of two methods of securing such interest: possession of loan notes or filing with the state. H.R. 4504 would allow only the filing method, with certain exceptions. CBO estimates that any costs of this preemption would not exceed the threshold in UMRA (\$55 million in 2000, adjusted annually for inflation).

The bill would impose several new reporting requirements on institutions of higher education, including a requirement to notify students that they would forfeit financial aid if they are convicted of violating certain controlled substance laws. CBO assumes that these requirements are effectively placed on institutions participating in the federal student financial aid programs. The bill also would authorize a new use for certain grant funds that would require participating institutions to provide matching funds. Costs related to these provisions would be incurred voluntarily, as a condition of aid.

Estimated impact on the private sector: H.R. 4504 contains no private-sector mandates as defined in UMRA.

Estimate prepared by: Federal Costs: Deborah Kalcevic; Impact on State, Local, and Tribal Governments: Susan Seig Tompkins; and Impact on the Private Sector: Nabeel Alaslani.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

#### STATEMENT OF OVERSIGHT FINDINGS OF THE COMMITTEE ON GOVERNMENT REFORM

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Reform on the subject of H.R. 4504.

## CONSTITUTIONAL AUTHORITY STATEMENT

Under clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee must include a statement citing the specific powers granted to Congress in the Constitution to enact the law proposed by H.R. 4504. The Committee believes that the amendments made by this bill to the Higher Education Act of 1965 are within Congress' authority under Article I, section 8, clause 1 of the Constitution.

## COMMITTEE ESTIMATE

Clauses 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 4504. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**HIGHER EDUCATION ACT OF 1965****PART I—GENERAL HIGHER EDUCATION PROGRAMS**

\* \* \* \* \*

**TITLE I—GENERAL PROVISIONS****PART A—DEFINITIONS****SEC. 101. GENERAL DEFINITION OF INSTITUTION OF HIGHER EDUCATION.**

(a) INSTITUTION OF HIGHER EDUCATION.—For purposes of this Act, other than title IV, the term “institution of higher education” means an educational institution in any State that—

(1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, *or students who meet the requirements of section 484(d)(3)*;

\* \* \* \* \*

**SEC. 102. DEFINITION OF INSTITUTION OF HIGHER EDUCATION FOR PURPOSES OF TITLE IV PROGRAMS.**

(a) DEFINITION OF INSTITUTION OF HIGHER EDUCATION FOR PURPOSES OF TITLE IV PROGRAMS.—

(1) \* \* \*

(2) INSTITUTIONS OUTSIDE THE UNITED STATES.—

[(A) IN GENERAL.—For the purpose of qualifying as an institution under paragraph (1)(C), the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in section 101. In the case of a graduate medical or veterinary school outside the United States, such criteria shall include a requirement that a student attending such school outside the United States is ineligible for loans made, insured, or guaranteed under part B unless—

[(i)(I) at least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and

[(II) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of title IV; or

[(ii) the institution has a clinical training program that was approved by a State as of January 1, 1992, or the institution's students complete their clinical training at an approved veterinary school located in the United States.]

*(A) IN GENERAL.—For the purpose of qualifying as an institution under paragraph (1)(C), the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in section 101 (except that a graduate medical school, or a veterinary school, located outside the United States shall not be required to meet the requirements of section 101(a)(4)). Such criteria shall include a requirement that a student attending such school outside the United States is ineligible for loans made, insured, or guaranteed under part B unless—*

*(i) in the case of a graduate medical school located outside the United States—*

*(I)(aa) at least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and*

*(bb) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States (both nationals of the United States and others) taking the examinations administered by the Educational Com-*

*mission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of title IV; or*

*(II) the institution has a clinical training program that was approved by a State as of January 1, 1992; or*

*(ii) in the case of a veterinary school located outside the United States that does not meet the requirements of section 101(a)(4)—*

*(I) the institution was certified by the Secretary as eligible to participate in the loan program under part B of title IV before October 1, 1999; and*

*(II) the institution's students complete their clinical training at an approved veterinary school located in the United States.*

\* \* \* \* \*

(3) LIMITATIONS BASED ON COURSE OF STUDY OR ENROLLMENT.—An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution—

(A) offers more than 50 percent of such institution's courses by correspondence, unless the institution is an institution that meets the definition in [section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act] section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998;

\* \* \* \* \*

**SEC. 103. ADDITIONAL DEFINITIONS.**

In this Act:

(1) \* \* \*

\* \* \* \* \*

[(7) NEW BORROWER.—The term “new borrower” when used with respect to any date means an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under title IV.]

(7) NEW BORROWER.—The term “new borrower” when used with respect to any date for any loan under any provision of—

(A) part B or part D of title IV means an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under either such part; and

(B) part E of title IV means an individual who on that date has no outstanding balance of principal or interest owing on any loan made under such part.

\* \* \* \* \*

**PART C—COST OF HIGHER EDUCATION**

**SEC. 131. IMPROVEMENTS IN MARKET INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.**

(a) IMPROVED DATA COLLECTION.—

(1) \* \* \*

\* \* \* \* \*

(3) INFORMATION TO INSTITUTIONS.—The Commissioner of Education Statistics shall—

(A) develop a standard definition for the following data elements:

(i) \* \* \*

\* \* \* \* \*

(iii) average amount of financial assistance received by **[an undergraduate]** *a full-time undergraduate* student who attends an institution of higher education, including—

(I) each type of assistance or benefit described in **[section 428(a)(2)(C)(i)]** *section 428(a)(2)(C)(ii)*;

\* \* \* \* \*

(b) DATA DISSEMINATION.—The Secretary shall make available the data collected pursuant to subsection (a). Such data shall be available in a form that permits the review and comparison of the data submissions of individual institutions of higher education. Such data shall be presented in a form that is easily understandable and allows parents and students to make informed decisions based on **[the costs for typical]** *the prices for, and financial aid provided to, typical* full-time undergraduate students.

(c) STUDY.—

(1) \* \* \*

(2) EVALUATION.—The study shall include an evaluation of—

(A) \* \* \*

(B) the relationship of the expenditures identified in paragraph (1) to college **[costs]** *prices*; and

\* \* \* \* \*

(d) STUDENT AID RECIPIENT SURVEY.—(1) The Secretary shall survey student aid recipients on a regular cycle, but not less than once every **[3]** *4* years—

(A) \* \* \*

\* \* \* \* \*

**PART D—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE**

**SEC. 141. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.**

(a) ESTABLISHMENT AND PURPOSE.—

(1) \* \* \*

(2) PURPOSES.—The purposes of the PBO are—

(A) \* \* \*

(B) to reduce the *total and unit* costs of administering those programs;

\* \* \* \* \*

(c) PERFORMANCE PLAN AND REPORT.—

(1) PERFORMANCE PLAN.—

(A) IN GENERAL.—[Each year] *Each fiscal year*, the Secretary and Chief Operating Officer shall agree on, and make available to the public, a performance plan for the PBO for the succeeding 5 years that establishes measurable goals and objectives for the organization.

(B) CONSULTATION.—In developing the 5-year performance plan and any revision to the plan, the Secretary and the Chief Operating Officer shall consult with students, institutions of higher education, Congress, lenders, *guaranty agencies*, the Advisory Committee on Student Financial Assistance, and other interested parties not less than 30 days prior to the implementation of the performance plan or revision.

\* \* \* \* \*

(2) ANNUAL REPORT.—Each year, the Chief Operating Officer shall prepare and submit to Congress, through the Secretary, an annual report on the performance of the PBO, including an evaluation of the extent to which the PBO met the goals and objectives contained in the 5-year performance plan described in paragraph (1) for the preceding year. The annual report shall include the following:

(A) An independent financial audit of the [expenditures] *administrative expenditures for the most recent fiscal year* of both the PBO and programs administered by the PBO.

(B) Financial and performance requirements applicable to the PBO under the [Chief Financial Officer Act of 1990 and] *Chief Financial Officers Act of 1990*, the Government Performance and Results Act of 1993, *and other relevant legislation*.

\* \* \* \* \*

(f) STUDENT LOAN OMBUDSMAN.—

(1) \* \* \*

\* \* \* \* \*

(3) FUNCTIONS OF OMBUDSMAN.—The Ombudsman shall—

(A) in accordance with regulations of the Secretary, receive, review, and attempt to resolve informally complaints from borrowers of loans described in paragraph (1), including, as appropriate, attempts to resolve such complaints within the Department of Education and with institutions of higher education, lenders, guaranty agencies, loan servicers, and other participants in the loan programs described in paragraph (1)[(A)]; and

\* \* \* \* \*

(g) PERSONNEL FLEXIBILITY.—

(1) \* \* \*

\* \* \* \* \*

(3) EXCEPTED SERVICE.—The Chief Operating Officer may appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, not more than 25 technical and professional employees to administer the functions of the PBO. These employees may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates. *The names and compensation for those individuals shall be included in the annual report under subsection (c)(2).*

\* \* \* \* \*

TITLE III—INSTITUTIONAL AID

\* \* \* \* \*

PART B—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

\* \* \* \* \*

SEC. 324. ALLOTMENTS TO INSTITUTIONS.

(a) \* \* \*

\* \* \* \* \*

[(g) SPECIAL RULE FOR CERTAIN DISTRICT OF COLUMBIA ELIGIBLE INSTITUTIONS.—In any fiscal year that the Secretary determines that Howard University or the University of the District of Columbia will receive an allotment under subsections (b) and (c) of this section which is not in excess of amounts received by Howard University under the Act of March 2, 1867 (14 Stat. 438; 20 U.S.C. 123), relating to annual authorization of appropriations for Howard University, or by the University of the District of Columbia under the District of Columbia Self-Government and Governmental Reorganization Act (87 Stat. 774) for such fiscal year, then Howard University and the University of the District of Columbia, as the case may be, shall be ineligible to receive an allotment under this section.]

(g) SPECIAL RULE FOR CERTAIN DISTRICT OF COLUMBIA ELIGIBLE INSTITUTIONS.—

(1) HOWARD UNIVERSITY.—*In any fiscal year that the Secretary determines that Howard University will receive an allotment under subsections (b) and (c) which is not in excess of amounts received for such fiscal year by Howard University under the Act of March 2, 1867 (14 Stat. 438; 20 U.S.C. 123), relating to the annual appropriations for Howard University, then Howard University shall be ineligible to receive an allotment under this section.*

(2) UNIVERSITY OF THE DISTRICT OF COLUMBIA.—*In any fiscal year, the University of the District of Columbia may receive financial assistance under this part, or under section 4(c) of the District of Columbia College Access Act of 1999 (P.L. 106–98), but not under both this part and such section.*

\* \* \* \* \*

**SEC. 326. PROFESSIONAL OR GRADUATE INSTITUTIONS.**

(a) \* \* \*

\* \* \* \* \*

(e) ELIGIBILITY.—

(1) IN GENERAL.—Independent professional or graduate institutions and programs eligible for grants under subsection (a) are the following:

(A) \* \* \*

\* \* \* \* \*

**PART D—HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING**

\* \* \* \* \*

**SEC. 342. DEFINITIONS.**

For the purposes of this part:

(1) \* \* \*

\* \* \* \* \*

(5) The term “capital project” means, subject to section 344(b) the repair, renovation, or, in exceptional circumstances, the construction or acquisition, of—

(A) \* \* \*

\* \* \* \* \*

(C) instructional equipment, technology, [ ] research instrumentation, and any capital equipment or fixture related to facilities described in subparagraph (A);

\* \* \* \* \*

**SEC. 343. FEDERAL INSURANCE FOR BONDS.**

(a) \* \* \*

\* \* \* \* \*

(e) *SALE OF QUALIFIED BONDS.*—Notwithstanding any other provision of law, a qualified bond guaranteed under this part may be sold to any party that offers terms that the Secretary determines are in the best interest of the eligible institution.

\* \* \* \* \*

**PART E—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM**

**SUBPART 1—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM**

\* \* \* \* \*

**[SEC. 1024. MULTIAGENCY STUDY OF MINORITY SCIENCE PROGRAMS.**

The Secretary, in cooperation with the heads of other departments and agencies that operate programs similar in purposes to the Minority Science Improvement Program which seek to increase minority participation and representation in scientific fields, shall



submit a report to the President and Congress summarizing and evaluating such programs by January 1, 1996.】

\* \* \* \* \*

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

\* \* \* \* \*

**Subpart 2—Federal Early Outreach and Student Services Programs**

**CHAPTER 1—FEDERAL TRIO PROGRAMS**

\* \* \* \* \*

**SEC. 402D. STUDENT SUPPORT SERVICES.**

(a) \* \* \*

\* \* \* \* \*

(c) *SPECIAL RULE.—*

(1) *USE FOR STUDENT AID.—A recipient of a grant that undertakes any of the permissible services identified in subsection (b) may, in addition, use such funds to provide grant aid to students if the recipient demonstrates in its application, to the satisfaction of the Secretary, that the size of the grants the recipient will provide to students is appropriate and likely to have a significant impact on retention at that institution. In making grants to students under this subsection, an institution shall ensure that adequate consultation takes place between the student support service program office and the institution’s financial aid office.*

(2) *ELIGIBLE STUDENTS.—For purposes of receiving grant aid under this subsection, eligible students shall be current participants in the student support services program offered by the institution and be—*

(A) *students who are in their first 2 years of postsecondary education and who are receiving Federal Pell Grants under subpart 1; or*

(B) *students who have completed their first 2 years of postsecondary education and who are receiving Federal Pell Grants under subpart 1 if the institution demonstrates to the satisfaction of the Secretary that—*

(i) *these students are at high risk of dropping out; and*

(ii) *it will first meet the needs of all its eligible first- and second-year students for services under this paragraph.*

(3) *DETERMINATION OF NEED.—A grant provided to a student under paragraph (1) shall not be considered in determining that student’s need for grant or work assistance under this title, except that in no case shall the total amount of student financial assistance awarded to a student under this title exceed that student’s cost of attendance, as defined in section 472.*

(4) *MATCHING REQUIRED.*—A recipient of a grant who uses such funds for the purpose described in paragraph (1) shall match the funds used for such purpose, in cash, from non-Federal funds, in an amount that is not less than 33 percent of the total amount of funds used for that purpose. This paragraph shall not apply to any grant recipient that is an institution of higher education eligible to receive funds under part A or B of title III or title V.

(5) *RESERVATION.*—For any fiscal year after the date of enactment of the Higher Education Technical Amendments of 2000, the Secretary may reserve not more than 20 percent of the funds available under this section for grant aid in accordance with this subsection.

[(c)] (d) *REQUIREMENTS FOR APPROVAL OF APPLICATIONS.*—In approving applications for student support services projects under this chapter for any fiscal year, the Secretary shall—

(1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application—

(A) be individuals with disabilities; or

(B) be low-income individuals who are first generation college students;

(2) require an assurance that the remaining students participating in the project proposed to be carried out under any application be low-income individuals, first generation college students, or individuals with disabilities;

(3) require an assurance that not less than one-third of the individuals with disabilities participating in the project be low-income individuals;

(4) require that there be a determination by the institution, with respect to each participant in such project, that the participant has a need for academic support in order to pursue successfully a program of education beyond secondary school;

(5) require that such participants be enrolled or accepted for enrollment at the institution which is the recipient of the grant or contract; and

(6) consider, in addition to such other criteria as the Secretary may prescribe, the institution's effort, and where applicable past history, in—

(A) providing sufficient financial assistance to meet the full financial need of each student in the project; and

(B) maintaining the loan burden of each such student at a manageable level.

\* \* \* \* \*

## CHAPTER 2—GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS

### SEC. 404A. EARLY INTERVENTION AND COLLEGE AWARENESS PROGRAM AUTHORIZED.

(a) \* \* \*

(b) AWARDS.—

(1) \* \* \*

\* \* \* \* \*

(3) DURATION.—An award made by the Secretary under this chapter to an eligible entity described in paragraph (1) or (2) of subsection (c) shall be for a period of 6 years.

\* \* \* \* \*

SUBPART 4—LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM

SEC. 415A. PURPOSE; APPROPRIATIONS AUTHORIZED.

(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in—

(1) \* \* \*

(2) carrying out the activities described in [section 415F] section 415E.

\* \* \* \* \*

SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

(a) \* \* \*

\* \* \* \* \*

[(c) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

[(1) increasing the dollar amount of grants awarded under section 415B to eligible students who demonstrate financial need;

[(2) carrying out transition programs from secondary school to postsecondary education for eligible students who demonstrate financial need;

[(3) carrying out a financial aid program for eligible students who demonstrate financial need and wish to enter careers in information technology, or other fields of study determined by the State to be critical to the State’s workforce needs;

[(4) making funds available for community service work-study activities for eligible students who demonstrate financial need;

[(5) creating a postsecondary scholarship program for eligible students who demonstrate financial need and wish to enter teaching;

[(6) creating a scholarship program for eligible students who demonstrate financial need and wish to enter a program of study leading to a degree in mathematics, computer science, or engineering;

[(7) carrying out early intervention programs, mentoring programs, and career education programs for eligible students who demonstrate financial need; and

[(8) awarding merit or academic scholarships to eligible students who demonstrate financial need.]

(c) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

(1) making awards that—

(A) supplement grants received under section 415A by eligible students who demonstrate financial need; or

- (B) provide grants under section 415A to additional eligible students who demonstrate financial need;
- (2) providing scholarships for eligible students—
  - (A) who demonstrate financial need; and
  - (B) who—
    - (i) desire to enter a program of study leading to a career in—
      - (I) information technology;
      - (II) mathematics, computer science, or engineering; or
      - (III) another field determined by the State to be critical to the State’s workforce needs; or
    - (ii) demonstrate merit or academic achievement and desire; and
- (3) making awards that—
  - (A) supplement community service work-study awards received under section 415A by eligible students who demonstrate financial need; or
  - (B) provide community service work-study awards under section 415A to additional eligible students who demonstrate financial need.

\* \* \* \* \*

(f) *SPECIAL RULE.—Notwithstanding subsection (d), for purposes of determining a State’s share of the cost of the authorized activities described in subsection (c)—*

(1) *in the case of a State that participates in the program authorized under this section in fiscal year 2000—*

(A) *if such State participates in the program in fiscal year 2001, for that year the State shall consider only those expenditures from non-Federal sources that exceed its expenditures for activities authorized under this subpart for fiscal year 1999; or*

(B) *if such State does not participate in the program in fiscal year 2001, but participates in the program in a succeeding fiscal year, for the first fiscal year after fiscal year 2001 in which the State participates in the program, the State shall consider only those expenditures from non-Federal sources that exceed its expenditures for activities authorized under this subpart for the preceding fiscal year, or fiscal year 1999, whichever is greater; and*

(2) *in the case of a State that participates in the program authorized under this section for the first time after fiscal year 2000, for the first fiscal year in which the State participates in the program, the State shall consider only those expenditures from non-Federal sources that exceed its expenditures for activities authorized under this subpart for the preceding fiscal year.*

(g) *USE OF FUNDS FOR ADMINISTRATIVE COSTS PROHIBITED.—A State receiving a grant under this section shall not use any of the grant funds to pay administrative costs associated with any of the authorized activities described in subsection (c).*

SUBPART 6—ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM

\* \* \* \* \*

**SEC. 419C. SCHOLARSHIPS AUTHORIZED.**

(a) \* \* \*

(b) PERIOD OF AWARD.—Scholarships under this section shall be awarded for a period of not less than 1 or more than 4 years during the first 4 years of study at any institution of higher education eligible to participate in any programs assisted under this title. The State educational agency administering the program in a State shall have discretion to determine the period of the award (within the limits specified in the preceding sentence), except that—

(1) if the amount appropriated for this subpart for any fiscal year exceeds the amount appropriated for this subpart for fiscal year 1993, the Secretary shall identify to each State educational agency the number of scholarships available to that State under section 419D(b) that are attributable to such excess; *and*

\* \* \* \* \*

**SEC. 419D. ALLOCATION AMONG STATES.**

(a) \* \* \*

\* \* \* \* \*

(d) CONSOLIDATION BY INSULAR AREAS PROHIBITED.—Notwithstanding section 501 of [Public Law 95–1134] *Public Law 95–134* (48 U.S.C. 1469a), funds allocated under this part to an Insular Area described in that section shall be deemed to be direct payments to classes of individuals, and the Insular Area may not consolidate such funds with other funds received by the Insular Area from any department or agency of the United States Government.

\* \* \* \* \*

**PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM**

\* \* \* \* \*

**SEC. 425. LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE.**

(a) ANNUAL AND AGGREGATE LIMITS.—

(1) ANNUAL LIMITS.—(A) The total of loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this part may not exceed—

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) \* \* \*

[(II) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;]

(II) if such student is enrolled in a program of undergraduate education that is less than 1 academic year, the maximum annual loan amount that such student may receive may not exceed the lesser of—

*(aa) the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to 1 academic year; or*

*(bb) the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in weeks of instruction bears to 1 academic year;*

\* \* \* \* \*

**SEC. 428. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.**

**(a) FEDERAL INTEREST SUBSIDIES.—**

(1) \* \* \*

(2) **ADDITIONAL REQUIREMENTS TO RECEIVE SUBSIDY.—(A)** Each student qualifying for a portion of an interest payment under paragraph (1) shall—

(i) have provided to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which—

(I) \* \* \*

(II) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; **[and]**

\* \* \* \* \*

(iii) have provided to the lender at the time of application for a loan made, insured, or guaranteed under this part, the student's driver's number, if any.

\* \* \* \* \*

**(b) INSURANCE PROGRAM AGREEMENTS TO QUALIFY LOANS FOR INTEREST SUBSIDIES.—**

(1) **REQUIREMENTS OF INSURANCE PROGRAM.—**Any State or any nonprofit private institution or organization may enter into an agreement with the Secretary for the purpose of entitling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization to have made on their behalf the payments provided for in subsection (a) if the Secretary determines that the student loan insurance program—

(A) authorizes the insurance in any academic year, as defined in section 481(a)(2), or its equivalent (as determined under regulations of the Secretary) for any student who is carrying at an eligible institution or in a program of study abroad approved for credit by the eligible home institution at which such student is enrolled at least one-half the normal full-time academic workload (as determined by the institution) in any amount up to a maximum of—

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) \* \* \*

【(II) if such student is enrolled in a program of undergraduate education which is less than 1 academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to 1 academic year;】

(II) if such student is enrolled in a program of undergraduate education that is less than 1 academic year, the maximum annual loan amount that such student may receive may not exceed the lesser of—

(aa) the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to 1 academic year; or

(bb) the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in weeks of instruction bears to 1 academic year;

\* \* \* \* \*

(Y) provides that—

(i) the lender shall determine the eligibility of a borrower for a deferment described in 【subparagraph (M)(i)】 subparagraph (M)(i)(I) based on receipt of—

(I) \* \* \*

\* \* \* \* \*

(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—

(1) \* \* \*

\* \* \* \* \*

(3) FORBEARANCE.—A guaranty agreement under this subsection—

(A) \* \* \*

(B) may, to the extent provided in regulations of the Secretary, contain provisions that permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer and recorded in the borrower's file, except that such regulations shall not require such agreements to be in writing;

\* \* \* \* \*

SEC. 428C. FEDERAL CONSOLIDATION LOANS.

(a) AGREEMENTS WITH ELIGIBLE LENDERS.—

(1) \* \* \*

\* \* \* \* \*

(3) DEFINITION OF ELIGIBLE BORROWER.—(A) \* \* \*

(B)(i) \* \* \*

(ii) Loans made under this section shall, to the extent used to discharge loans made under this title, be counted against the

*applicable limitations on aggregate indebtedness contained in section 425(a)(2), 428(b)(1)(B), 428H(d), 455, and 464(a)(2)(B).*

\* \* \* \* \*

**SEC. 428H. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-INCOME BORROWERS.**

(a) \* \* \*

\* \* \* \* \*

(d) **LOAN LIMITS.—**

(1) \* \* \*

(2) **ANNUAL LIMITS FOR INDEPENDENT, GRADUATE, AND PROFESSIONAL STUDENTS.—**The maximum annual amount of loans under this section an independent student (or a student whose parents are unable to borrow under section 428B or the Federal Direct PLUS Loan Program) may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the amount determined under paragraph (1), plus—

(A) in the case of such a student attending an eligible institution who has not completed such student's first 2 years of undergraduate study—

(i) \* \* \*

[(ii) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in clause (i) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;]

*(ii) if such student is enrolled in a program of undergraduate education that is less than 1 academic year, the maximum annual loan amount that such student may receive may not exceed the lesser of—*

*(I) the amount that bears the same ratio to the amount specified in clause (i) as the length of such program measured in semester, trimester, quarter, or clock hours bears to 1 academic year; or*

*(II) the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in weeks of instruction bears to 1 academic year;*

\* \* \* \* \*

(e) **PAYMENT OF PRINCIPAL AND INTEREST.—**

(1) \* \* \*

\* \* \* \* \*

[(6) **REPAYMENT PERIOD.—**For purposes of calculating the repayment period under section 428(b)(9), such period shall commence at the time the first payment of principal is due from the borrower.]

[(7)] (6) **QUALIFICATION FOR FORBEARANCE.—**A lender may grant the borrower of a loan under this section a forbearance for a period not to exceed 60 days if the lender reasonably determines that such a forbearance from collection activity is warranted following a borrower's request for forbearance,



deferment, or a change in repayment plan, or a request to consolidate loans in order to collect or process appropriate supporting documentation related to the request. During any such period, interest on the loan shall accrue but not be capitalized.

\* \* \* \* \*

**SEC. 432. LEGAL POWERS AND RESPONSIBILITIES.**

(a) \* \* \*

\* \* \* \* \*

(m) COMMON FORMS AND FORMATS.—

(1) COMMON GUARANTEED STUDENT LOAN APPLICATION FORM AND PROMISSORY NOTE.—

(A) \* \* \*

(B) REQUIREMENTS.—The forms prescribed by the Secretary shall—

(i) use clear, concise, and simple language to facilitate understanding of loan terms and conditions by applicants; *and*

(ii) be formatted to require the applicant to clearly indicate a choice of lender[; and].

\* \* \* \* \*

(D) MASTER PROMISSORY NOTE.—

(i) \* \* \*

\* \* \* \* \*

[(iv) PERFECTION OF SECURITY INTERESTS IN STUDENT LOANS.—Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in loans made under this part created on behalf of any eligible lender as defined in section 435(d) may be perfected either through the taking of possession of such loans (which can be through taking possession of an original or copy of the master promissory note) or by the filing of notice of such security interest in such loans in the manner provided by such State law for perfection of security interests in accounts.]

(E) PERFECTION OF SECURITY INTERESTS IN STUDENT LOANS.—

(i) *IN GENERAL.—Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in loans made under this part, on behalf of any eligible lender (as defined in section 435(d)) shall attach, be perfected, and be assigned priority in the manner provided by the applicable State’s law for perfection of security interests in accounts, as such law may be amended from time to time (including applicable transition provisions). If any such State’s law provides for a statutory lien to be created in such loans, such statutory lien may be created by the entity or entities governed by such State law in accordance with the applicable statutory provisions that created such a statutory lien.*

(ii) *COLLATERAL DESCRIPTION.*—In addition to any other method for describing collateral in a legally sufficient manner permitted under the laws of the State, the description of collateral in any financing statement filed pursuant to this section shall be deemed legally sufficient if it lists such loans, or refers to records (identifying such loans) retained by the secured party or any designee of the secured party identified in such financing statement, including the debtor or any loan servicer.

(iii) *SALES.*—Notwithstanding clauses (i) and (ii) and any provisions of any State law to the contrary, other than any such State’s law providing for creation of a statutory lien, an outright sale of loans made under this part shall be effective and perfected automatically upon attachment as defined in the Uniform Commercial Code of such State.

\* \* \* \* \*

**SEC. 435. DEFINITIONS FOR STUDENT LOAN INSURANCE PROGRAM.**

As used in this part:

(a) **ELIGIBLE INSTITUTION.**—

(1) \* \* \*

\* \* \* \* \*

(5) **REDUCTION OF DEFAULT RATES AT CERTAIN MINORITY INSTITUTIONS.**—

(A) **BENEFICIARIES OF EXCEPTION REQUIRED TO ESTABLISH MANAGEMENT PLAN.**—After July 1, 1999, any institution that has a cohort default rate that equals or exceeds 25 percent for each of the three most recent fiscal years for which data are available and that relies on the exception in subparagraph (B) to continue to be an eligible institution shall—

(i) submit to the Secretary a default management plan which the Secretary, in the Secretary’s discretion, after consideration of the institution’s history, resources, dollars in default, and targets for default reduction, determines is acceptable and provides reasonable assurance that the institution will, by [July 1, 2002,] *July 1, 2004* have a cohort default rate that is less than 25 percent;

\* \* \* \* \*

(B) **DISCRETIONARY ELIGIBILITY CONDITIONED ON IMPROVEMENT.**—Notwithstanding the expiration of the exception in paragraph (2)(C), the Secretary may, in the Secretary’s discretion, continue to treat an institution described in subparagraph (A) of this paragraph as an eligible institution for each of the 1-year periods beginning on July 1 of [1999, 2000, and 2001] *1999 through 2003*, only if the institution submits by the beginning of such period evidence satisfactory to the Secretary that—

(i) \* \* \*

\* \* \* \* \*

**SEC. 438. SPECIAL ALLOWANCES.**

(a) \* \* \*

(b) COMPUTATION AND PAYMENT.—

(1) \* \* \*

(2) RATE OF SPECIAL ALLOWANCE.—(A) Subject to subparagraphs (B), (C), (D), (E), (F), (G), (H), and (I) and paragraph (4), the special allowance paid pursuant to this subsection on loans shall be computed (i) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period, (ii) by subtracting the applicable interest rate on such loans from such average, (iii) by adding 3.10 percent to the resultant percent, and (iv) by dividing the resultant percent by 4. [If such computation produces a number less than zero, such loans shall be subject to section 427A(f).]

\* \* \* \* \*

(F) Subject to paragraph (4), the special allowance paid pursuant to this subsection on loans for which the applicable rate of interest is determined under section 427A(h) shall be computed (i) by determining the applicable bond equivalent rate of the security with a comparable maturity, as established by the Secretary, (ii) by subtracting the applicable interest rates on such loans from such applicable bond equivalent rate, (iii) by adding 1.0 percent to the resultant percent, and (iv) by dividing the resultant percent by 4. [If such computation produces a number less than zero, such loans shall be subject to section 427A(f).]

\* \* \* \* \*

**SEC. 439. STUDENT LOAN MARKETING ASSOCIATION.**

(a) \* \* \*

\* \* \* \* \*

(d) AUTHORITY OF ASSOCIATION.—

(1) \* \* \*

\* \* \* \* \*

[(3) PERFECTION OF SECURITY INTERESTS IN STUDENT LOANS.—Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in insured student loans created on behalf of the Association or any eligible lender as defined in section 435(a) may be perfected either through the taking of possession of such loans or by the filing of notice of such security interest in such loans in the manner provided by such State law for perfection of security interests in accounts.]

\* \* \* \* \*

**PART C—FEDERAL WORK-STUDY PROGRAMS**

\* \* \* \* \*

**SEC. 443. GRANTS FOR FEDERAL WORK-STUDY PROGRAMS.**

(a) \* \* \*

(b) CONTENTS OF AGREEMENTS.—An agreement entered into pursuant to this section shall—

(1) \* \* \*

(2) provide that funds granted an institution of higher education, pursuant to section 443, may be used only to make payments to students participating in work-study programs, except that—

(A) \* \* \*

(B) for fiscal year 2000 and succeeding fiscal years, an institution shall use at least 7 percent of the total amount of funds granted to such institution under this section for such fiscal year to compensate students employed in community service (*including a reasonable amount of time spent in travel or training directly related to such community service*), and shall ensure that not less than 1 tutoring or family literacy project (as described in subsection (d)) is included in meeting the requirement of this subparagraph, except that the Secretary may waive this subparagraph if the Secretary determines that enforcing this subparagraph would cause hardship for students at the institution; and

\* \* \* \* \*

**PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM**

**SEC. 455. TERMS AND CONDITIONS OF LOANS.**

(a) \* \* \*

(b) INTEREST RATE.—

(1) \* \* \*

\* \* \* \* \*

(7) \* \* \*

[(6)] (8) INTEREST RATE PROVISION FOR NEW LOANS ON OR AFTER OCTOBER 1, 1998, AND BEFORE JULY 1, 2003.—

(A) \* \* \*

\* \* \* \* \*

**PART E—FEDERAL PERKINS LOANS**

**SEC. 462. ALLOCATION OF FUNDS.**

(a) \* \* \*

\* \* \* \* \*

(g) DEFINITION OF COHORT DEFAULT RATE.—

(1)(A) \* \* \*

\* \* \* \* \*

(E) In determining the number of students who default before the end of such award year, the institution, in calculating the cohort default rate, shall exclude—

(i) any loan on which the borrower has, after the time periods specified in paragraph (2)—

(I) voluntarily made 6 consecutive *monthly* payments;

\* \* \* \* \*

**SEC. 464. TERMS OF LOANS.**

(a) \* \* \*

\* \* \* \* \*

(c) CONTENTS OF LOAN AGREEMENT.—(1) Any agreement between an institution and a student for a loan from a student loan fund assisted under this part—

(A) \* \* \*

\* \* \* \* \*

(D) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at the rate of 5 percent per year in the case of any loan made on or after October 1, 1981, except that no interest shall accrue [(I)] (i) prior to the beginning date of repayment determined under paragraph (2)(A)(i), or [(II)] (ii) during any period in which repayment is suspended by reason of paragraph (2);

\* \* \* \* \*

(2)(A) No repayment of principal of, or interest on, any loan from a student loan fund assisted under this part shall be required during any period—

(i) \* \* \*

\* \* \* \* \*

(iv) during which the borrower is engaged in service described in section 465(a)(2), *except that interest shall continue to accrue on such loans and such interest shall be eligible for cancellation under section 465;*

\* \* \* \* \*

(h) REHABILITATION OF LOANS.—

(1) REHABILITATION.—

(A) IN GENERAL.—If the borrower of a loan made under this part who has defaulted on the loan, *and the loan default has not been reduced to a judgment against the borrower*, makes 12 ontime, consecutive, monthly payments of amounts owed on the loan, as determined by the institution, or by the Secretary in the case of a loan held by the Secretary, *or if the borrower of a loan under this part who has defaulted on the loan elects to make a single payment equal to the full amount of principal and interest and collection costs owed on the loan*, the loan shall be considered rehabilitated, and the institution that made that loan (or the Secretary, in the case of a loan held by the Secretary) shall request that any credit bureau organization or credit reporting agency to which the default was reported remove the default from the borrower's credit history.

\* \* \* \* \*

(3) SPECIAL RULE.—*At the discretion of the institution or the Secretary, for the purpose of receiving the benefits of this subsection, a loan that is in default and reduced to judgment may be considered rehabilitated if—*

(A) *the borrower makes 12 on-time, consecutive, monthly payments of amounts owed on the loan, as determined by the institution, or by the Secretary in the case of a loan held by the Secretary; or*

*(B) the borrower makes a single payment equal to the full amount of principal and interest and collection costs owed on the loan.*

\* \* \* \* \*

**SEC. 465. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.**

(a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—(1) \* \* \*

(2) Loans shall be canceled under paragraph (1) for service—

(A) as a full-time teacher for service in an academic year in a public or other 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 111(c)] *section 1113(a)(5)* of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school;

\* \* \* \* \*

(C) as a full-time special education teacher, including teachers of infants, toddlers, children, or youth with disabilities in a public or other nonprofit elementary or secondary school system, or as a full-time qualified professional provider of early intervention services in a public or other nonprofit program under public supervision by the lead agency as authorized in section 635(a)(10) of the Individuals [With] *with* Disabilities Education Act;

\* \* \* \* \*

(F) as a full-time law enforcement officer or corrections officer for service to local, State, or Federal law enforcement or corrections agencies, *including full-time prosecutors and public defenders earning \$30,000 or less in adjusted gross income*;

\* \* \* \* \*

**SEC. 467. COLLECTION OF DEFAULTED LOANS: PERKINS LOAN REVOLVING FUND.**

(a) \* \* \*

(b) COLLECTION OF REFERRED, TRANSFERRED, OR ASSIGNED LOANS.—The Secretary shall continue to attempt to collect any loan referred, transferred, or assigned under paragraph [(5)(A), (5)(B)(i), or (6)] *(4)(A), (4)(B), or (5)* of section 463(a) until all appropriate collection efforts, as determined by the Secretary, have been expended.

\* \* \* \* \*

**SEC. 469. DEFINITIONS.**

(a) \* \* \*

\* \* \* \* \*

(c) INFANTS, TODDLERS, CHILDREN, AND YOUTH WITH DISABILITIES.—For purposes of this part, the term “infants, toddlers, chil-

dren, and youth with disabilities” means children with disabilities and infants and toddlers with disabilities as defined in [sections 602(a)(1) and 672(1)] *sections 602(3) and 632(5)*, respectively, of the Individuals with Disabilities Education Act, and the term “[qualified professional provider of early intervention services] *early intervention services*” has the meaning specified in [section 672(2)] *section 632(4)* of such Act.

\* \* \* \* \*

## PART F—NEED ANALYSIS

### SEC. 471. AMOUNT OF NEED.

Except as otherwise provided therein, the amount of need of any student for financial assistance under this title (except [subparts 1 or 2] *subpart 1, 2, or 4* of part A) is equal to—

(1) \* \* \*

\* \* \* \* \*

### SEC. 478. REGULATIONS; UPDATED TABLES.

(a) \* \* \*

(b) INCOME PROTECTION ALLOWANCE.—

(1) REVISED TABLES.—For each academic year after [academic year 1993–1994] *academic year 2000–2001*, the Secretary shall publish in the Federal Register a revised table of income protection allowances for the purpose of sections 475(c)(4) and 477(b)(4). Such revised table shall be developed by increasing each of the dollar amounts contained in the table in each such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between [December 1992] *December 1999* and the December next preceding the beginning of such academic year, and rounding the result to the nearest \$10.

\* \* \* \* \*

(h) EMPLOYMENT EXPENSE ALLOWANCE.—For each award year after award year 1993–1994, the Secretary shall publish in the Federal Register a revised table of employment expense allowances for the purpose of sections 475(c)(5), 476(b)(4), and 477(b)(5). Such revised table shall be developed by increasing the dollar amount specified in sections 475(c)(5)(A), 475(c)(5)(B), 476(b)(4)(A), [476(b)(4)(B),] 477(b)(5)(A), and 477(b)(5)(B) to reflect increases in the amount and percent of the Bureau of Labor Statistics budget of the marginal costs for [meals away from home, apparel and upkeep, transportation, and housekeeping services] *food away from home, apparel, transportation, and household furnishings and operations* for a two-worker versus one-worker family.

\* \* \* \* \*

### SEC. 479A. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.

(a) IN GENERAL.—Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribu-

tion (or both) to allow for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. Special circumstances may include tuition expenses at an elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, the number of parents enrolled at least half-time in a degree, certificate, or other program leading to a recognized educational credential at an institution with a program participation agreement under section 487, *a student's status as a ward of the court at any time prior to attaining 18 years of age*, or other changes in a family's income, a family's assets, or a student's status. Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator in such cases to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under this title. No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information.

\* \* \* \* \*

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

\* \* \* \* \*

**SEC. 482. MASTER CALENDAR.**

(a) SECRETARY REQUIRED TO COMPLY WITH SCHEDULE.—To assure adequate notification and timely delivery of student aid funds under this title, the Secretary shall adhere to the following calendar dates in the year preceding the award year:

(1) \* \* \*

\* \* \* \* \*

(5) *The Secretary shall provide a period for public comment of not less than 45 days after publication of any notice of proposed rulemaking published after the date of the enactment of the Higher Education Technical Amendments of 2000 affecting programs under this title.*

\* \* \* \* \*

**SEC. 483. FORMS AND REGULATIONS.**

(a) \* \* \*

\* \* \* \* \*

(d) TOLL-FREE INFORMATION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone service to provide timely and accurate information to the general public. The information provided shall include specific instructions on completing the application form for assistance under this title. Such service shall also include a service accessible by telecommunications devices for



the deaf (TDD's) and shall, in addition to the services provided for in the previous sentence, refer such students to the national clearinghouse on postsecondary education [that is authorized under section 685(d)(2)(C)], or other appropriate provider of technical assistance and information on postsecondary educational services, that is supported under section 685 of the Individuals with Disabilities Education Act.

\* \* \* \* \*

**SEC. 484. STUDENT ELIGIBILITY.**

(a) **IN GENERAL.**—In order to receive any grant, loan, or work assistance under this title, a student must—

(1) \* \* \*

\* \* \* \* \*

(4) file with the Secretary, as part of the original financial aid application process, a [certification,] *certification*, which need not be notarized, but which shall include—

(A) \* \* \*

\* \* \* \* \*

(b) **ELIGIBILITY FOR STUDENT LOANS.**—(1) \* \* \*

(2) In order to be eligible to receive any loan under [section 428A] *section 428H* for any period of enrollment, a student shall—

(A) have received a determination of need for a loan under section 428(a)(2)(B) of this title; *and*

(B) if determined to have need for a loan under section 428, have applied for such a loan[; and].

[(C) has applied for a loan under section 428H, if such student is eligible to apply for such a loan.]

\* \* \* \* \*

(d) **STUDENTS WHO ARE NOT HIGH SCHOOL GRADUATES.**—In order for a student who does not have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, to be eligible for any assistance under subparts 1, 3, and 4 of part A and parts B, C, D, and E of this title, the student shall meet one of the following standards:

(1) \* \* \*

\* \* \* \* \*

(3) The student *certifies that he or she* has completed a secondary school education in a home school setting that is treated as a home school or private school under State law.

\* \* \* \* \*

(1) **COURSES OFFERED THROUGH TELECOMMUNICATIONS.**—

(1) **RELATION TO CORRESPONDENCE COURSES.**—

(A) \* \* \*

(B) **REQUIREMENT.**—An institution of higher education referred to in subparagraph (A) is an institution of higher education—

(i) that is not an institute or school described in [section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act] *section 3(3)(C)*

*of the Carl D. Perkins Vocational and Technical Education Act of 1998; and*

\* \* \* \* \*

(r) **SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—**

(1) **IN GENERAL.**—A student who has been convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance *during any period of enrollment for which the student was receiving assistance under this title* shall not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:

\* \* \* \* \*

(3) **CONSEQUENCES OF FAILURE TO ANSWER.**—*Any student who fails to answer a question of the common financial aid form developed under section 483 that relates to eligibility or ineligibility under this subsection shall be treated as ineligible until such question is answered.*

(4) **NOTICE.**—*The Secretary shall require each institution of higher education to provide each student upon enrollment with a separate, clear, and conspicuous written notice that advises students of the penalties contained in this subsection.*

[(3)] (5) **DEFINITIONS.**—In this subsection, the term “controlled substance” has the meaning given the term in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).

\* \* \* \* \*

**SEC. 484B. INSTITUTIONAL REFUNDS.**

(a) **RETURN OF TITLE IV FUNDS.—**

(1) **IN GENERAL.**—If a recipient of assistance under this title withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the amount of grant or loan assistance (other than assistance received under *subpart 4 of part A or part C*) to be returned to the title IV programs is calculated according to paragraph (3) and returned in accordance with subsection (b).

\* \* \* \* \*

(3) **CALCULATION OF AMOUNT OF TITLE IV ASSISTANCE EARNED.—**

(A) \* \* \*

(B) **PERCENTAGE EARNED.**—For purposes of subparagraph (A)(i), the percentage of grant or loan assistance under this title that has been earned by the student is—

(i) \* \* \*

(ii) 100 percent, if the day the student withdrew occurs after the student has completed (*as determined in accordance with subsection (d)*) 60 percent of the payment period or period of enrollment.

\* \* \* \* \*

(b) **RETURN OF TITLE IV PROGRAM FUNDS.—**

(1) \* \* \*

(2) **RESPONSIBILITY OF THE STUDENT.—**

(A) \* \* \*

(B) SPECIAL RULE.—The student (or parent in the case of funds due to a loan borrowed by a parent under part B or D) shall return or repay, as appropriate, the amount determined under subparagraph (A) to—

(i) \* \* \*

(ii) a grant program under this title, as an overpayment of such grant and shall be [subject to—

[(I) repayment arrangements satisfactory to the institution; or

[(II) overpayment collection procedures prescribed by the Secretary.] *subject to the procedures described in subparagraph (C)(ii).*

[(C) REQUIREMENT.—Notwithstanding subparagraphs (A) and (B), a student shall not be required to return 50 percent of the grant assistance received by the student under this title, for a payment period or period of enrollment, that is the responsibility of the student to repay under this section.]

(C) GRANT OVERPAYMENT REQUIREMENTS.—(i) *Notwithstanding subparagraphs (A) and (B), but subject to clause (ii), a student shall not be required to return 50 percent of the total grant assistance received by a student under this title for a payment period or period of enrollment. A student shall not be required to return amounts of less than \$50.*

(ii) *Subject to clause (iii), a student shall be permitted to repay any grant overpayment determined under this section under terms that permit the student to maintain his or her eligibility for further assistance under this title, including a period during which no payment is due from the student—*

(I) *for 6 months, beginning on the day the student withdrew; and*

(II) *while the student is pursuing at least a half-time course of study, as determined by the institution.*

(iii) *Clause (ii) shall not apply to a student who is in default on any repayment obligations under this title, or who has not made satisfactory repayment arrangements with respect to such obligations.*

\* \* \* \* \*

**SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.**

(a) INFORMATION DISSEMINATION ACTIVITIES.—(1) Each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full time) regarding the institution and all financial assistance under this title. The information required by this section shall be produced and be made readily available upon request, through appropriate publications, mailings, [and] or electronic media, to an enrolled student and to any prospective student. Each eligible institution shall, on an annual basis, provide to all enrolled students a list of the information that is required to be provided by institutions to students by this section and section 444 of the

General Education Provisions Act (also referred to as the Family Educational Rights and Privacy Act of 1974), together with a statement of the procedures required to obtain such information. The information required by this section shall accurately describe—

(A) \* \* \*

\* \* \* \* \*

(f) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—(1) Each eligible institution participating in any program under this title shall on August 1, 1991, begin to collect the following information with respect to campus crime statistics and campus security policies of that institution, and beginning September 1, 1992, and each year thereafter, prepare, publish, and distribute, through appropriate publications or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, an annual security report containing at least the following information with respect to the campus security policies and campus crime statistics of that institution:

(A) \* \* \*

\* \* \* \* \*

(I) *A statement of policy concerning the handling of reports on missing students, including—*

*(i) the policy with respect to notification of parents, guardians, and local police agencies and timing of such notification; and*

*(ii) the institution's policy for investigating reports on missing students and for cooperating with local police agencies in the investigation of a report of a missing student.*

(J) *A statement of policy regarding the availability of information, provided by the State to the institution pursuant to section 170101 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071), regarding sexually violent predators required to register under such section. Such statement shall include, at a minimum, the following:*

*(i) An assurance that the institution shall make available to the campus community, through its law enforcement unit or other office, all such information concerning any person enrolled or employed at the institution.*

*(ii) The means by which students and employees obtain access to such information.*

*(iii) The frequency at which such information is updated.*

*(iv) The type of information to be made available.*

(K) *A description of campus fire safety practices and standards, including—*

*(i) information with respect to each campus residence hall and whether or not such hall is equipped with a fire sprinkler system or other fire safety system;*

*(ii) statistics concerning the occurrence on campus of fires and false alarms in residence halls, including information on deaths, injuries, and structural damage caused by such occurrences, if any, during the 2 preceding calendar years for which such data are available; and*

*(iii) information regarding fire alarms, smoke alarms, fire escape planning or protocols (as defined in local fire*

*codes), rules on portable electrical appliances, smoking and open flames, regular mandatory supervised fire drills, and any planned improvements in fire safety.*

\* \* \* \* \*

(3) Each institution participating in any program under this title shall make timely reports to the campus community on crimes considered to be a threat to other students and employees described in paragraph (1)(F) that are reported to campus security or local law police agencies. *In addition, each such institution shall make periodic reports to the campus community regarding fires and false fire alarms that are reported to a local fire department.* Such reports shall be provided to students and employees in a manner that is timely and that will aid in the prevention of similar occurrences.

\* \* \* \* \*

(5) On an annual basis, each institution participating in any program under this title shall submit to the Secretary a copy of the statistics required to be made available under **[paragraph (1)(F)] subparagraphs (F) and (J) of paragraph (1).** The Secretary shall—

(A) \* \* \*

(B) make copies of the statistics submitted to the Secretary available to the public; **[and]**

(C) in coordination with representatives of institutions of higher **[education, identify exemplary campus security policies, procedures, and practices and disseminate information concerning those policies, procedures, and practices that have proven effective in the reduction of campus crime.]** *education, identify—*

*(i) exemplary campus security policies, procedures, and practices and disseminate information concerning those policies, procedures, and practices that have proven effective in the reduction of campus crime; and*

*(ii) fire safety policies, procedures, and practices and disseminate information concerning those policies procedures and practices that have proven effective in the reduction of fires on campus; and*

(D) *not later than July 1, 2002, prepare and submit a report to Congress containing—*

*(i) an analysis of the current status of fire safety systems in college and university facilities, including sprinkler systems;*

*(ii) an analysis of the appropriate fire safety standards to apply to these facilities, which the Secretary shall prepare after consultation with such fire safety experts, representatives of institutions of higher education, and Federal agencies as the Secretary, in the Secretary’s discretion, considers appropriate;*

*(iii) an estimate of the cost of bringing all nonconforming residence halls and other campus buildings into compliance with appropriate building codes; and*

*(iv) recommendations concerning the best means of meeting fire safety standards in all college facilities, including recommendations for methods of funding such costs.*

\* \* \* \* \*

(h) *NEW OR REVISED REQUIREMENTS.*—For any new requirement for institutional disclosure or reporting under this Act enacted after April 1, 2000, the period for which data must be collected shall begin no sooner than 180 days after the publication of final regulations or guidance. The final regulations or guidance shall include any required data elements or method of collection (or both). The Secretary shall take reasonable and appropriate steps to ensure that institutions have adequate time to collect and prepare the required data before public disclosure or submission to the Secretary.

\* \* \* \* \*

**SEC. 485B. NATIONAL STUDENT LOAN DATA SYSTEM.**

(a) **DEVELOPMENT OF THE SYSTEM.**—The Secretary shall consult with a representative group of guaranty agencies, eligible lenders, and eligible institutions to develop a mutually agreeable proposal for the establishment of a National Student Loan Data System containing information regarding loans made, insured, or guaranteed under part B and loans made under parts D and E, and for allowing the electronic exchange of data between program participants and the system. In establishing such data system, the Secretary shall place a priority on providing for the monitoring of enrollment, student status, information about current loan holders and servicers, and internship and residency information. Such data system shall also permit borrowers to use the system to identify the current loan holders and servicers of such borrower's loan not later than one year after the date of enactment of the Higher Education Amendments of 1998. The information in the data system shall include (but is not limited to)—

- (1) the amount and type of each such loan made;
- (2) the names and social security numbers of the borrowers;
- (3) the guaranty agency responsible for the guarantee of the loan;
- (4) the institution of higher education or organization responsible for loans made under parts D and E;
- (5) the exact amount of loans partially or totally canceled or in deferment for service under the Peace Corps Act [(22 U.S.C. 2501 et seq.)], (22 U.S.C. 2501 et seq.), for service under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.), and for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness[.];
- [(5)] (6) the eligible institution in which the student was enrolled or accepted for enrollment at the time the loan was made, and any additional institutions attended by the borrower;
- [(6)] (7) the total amount of loans made to any borrower and the remaining balance of the loans;
- [(7)] (8) the lender, holder, and servicer of such loans;
- [(8)] (9) information concerning the date of any default on the loan and the collection of the loan, including any information concerning the repayment status of any defaulted loan on which the Secretary has made a payment pursuant to section 430(a) or the guaranty agency has made a payment to the previous holder of the loan;
- [(9)] (10) information regarding any deferments or forbearance granted on such loans; and

[(10)] (11) the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 437.

\* \* \* \* \*

**SEC. 487. PROGRAM PARTICIPATION AGREEMENTS.**

(a) REQUIRED FOR PROGRAMS OF ASSISTANCE; CONTENTS.—In order to be an eligible institution for the purposes of any program authorized under this title, an institution must be an institution of higher education or an eligible institution (as that term is defined for the purpose of that program) and shall, except with respect to a program under subpart 4 of part A, enter into a program participation agreement with the Secretary. The agreement shall condition the initial and continuing eligibility of an institution to participate in a program upon compliance with the following requirements:

(1) \* \* \*

\* \* \* \* \*

(22) The institution will comply with the [refund policy] refund of title IV funds policy established pursuant to section 484B.

\* \* \* \* \*

**SEC. 491. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.**

(a) \* \* \*

\* \* \* \* \*

(c) MEMBERSHIP.—(1) \* \* \*

\* \* \* \* \*

(3) The appointment of members under subparagraphs (A) and (B) of paragraph (1) shall be effective upon publication of the appointment in the Congressional Record.

\* \* \* \* \*

**PART H—PROGRAM INTEGRITY**

\* \* \* \* \*

**Subpart 3—Eligibility and Certification Procedures**

**SEC. 498. ELIGIBILITY AND CERTIFICATION PROCEDURES.**

(a) \* \* \*

(b) SINGLE APPLICATION FORM.—The Secretary shall prepare and prescribe a single application form which—

(1) \* \* \*

\* \* \* \* \*

(5) provides, at the option of the [institution,] institution (but subject to the requirements of section 484(b)), for participation in one or more of the programs under part B or D.

(c) FINANCIAL RESPONSIBILITY STANDARDS.—(1) \* \* \*

(2) Notwithstanding paragraph (1), if an institution fails to meet criteria prescribed by the Secretary regarding ratios that demonstrate financial responsibility, then the institution shall provide the Secretary with satisfactory evidence of its financial responsibility in accordance with paragraph (3). Such criteria shall take into account any differences in generally accepted accounting principles, and the financial statements required thereunder, that are applicable to **for profit** *for-profit*, public, and nonprofit institutions. The Secretary shall take into account an institution's total financial circumstances in making a determination of its ability to meet the standards herein required.

\* \* \* \* \*

(d) ADMINISTRATIVE CAPACITY STANDARD.—The Secretary is authorized—

(1) to establish procedures and requirements relating to the administrative capacities of institutions of higher education, including—

- (A) \* \* \*
- (B) maintenance of records; and

\* \* \* \* \*

**TITLE V—DEVELOPING INSTITUTIONS**

**PART A—HISPANIC-SERVING INSTITUTIONS**

\* \* \* \* \*

**SEC. 504. DURATION OF GRANT.**

(a) AWARD PERIOD.—

[(1) IN GENERAL.—]The Secretary may award a grant to a Hispanic-serving institution under this title for 5 years.

[(2) WAITOUT PERIOD.—A Hispanic-serving institution shall not be eligible to secure a subsequent 5-year grant award under this title until 2 years have elapsed since the expiration of the institution's most recent 5-year grant award under this title, except that for the purpose of this subsection a grant under section 514(a) shall not be considered a grant under this title.]

\* \* \* \* \*

**TITLE VI—INTERNATIONAL EDUCATION PROGRAMS**

**PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES**

\* \* \* \* \*

**SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.**

(a) \* \* \*

\* \* \* \* \*



(c) FUNDING SUPPORT.—The Secretary may use not more than 10 percent of the total amount appropriated for [this part] *this title* for carrying out the purposes of this section.

\* \* \* \* \*

**PART A—GRADUATE EDUCATION PROGRAMS**

**Subpart 1—Jacob K. Javits Fellowship Program**

**SEC. 701. AWARD OF JACOB K. JAVITS FELLOWSHIPS.**

(a) AUTHORITY AND TIMING OF AWARDS.—The Secretary is authorized to award fellowships in accordance with the provisions of this subpart for graduate study in the arts, humanities, and social sciences by students of superior ability selected on the basis of demonstrated achievement, financial need, and exceptional promise. The fellowships shall be awarded to students who are eligible to receive any grant, loan, or work assistance pursuant to section 484 and intend to pursue a doctoral degree, except that fellowships may be granted to students pursuing a master’s degree in those fields in which the master’s degree is the terminal highest degree awarded in the area of study. [All funds appropriated in a fiscal year shall be obligated and expended to the students for fellowships for use in the academic year beginning after July 1 of the fiscal year following the fiscal year for which the funds were appropriated.] *Funds appropriated for a fiscal year shall be obligated and expended for fellowships under this subpart for use in the academic year beginning after July 1 of such fiscal year.* The fellowships shall be awarded for only 1 academic year of study and shall be renewable for a period not to exceed 4 years of study.

\* \* \* \* \*

**Subpart 2—Graduate Assistance in Areas of National Need**

\* \* \* \* \*

**SEC. 714. AWARDS TO GRADUATE STUDENTS.**

(a) \* \* \*

\* \* \* \* \*

(c) TREATMENT OF INSTITUTIONAL PAYMENTS.—An institution of higher education that makes institutional payments for tuition and fees on behalf of individuals supported by fellowships under this subpart in amounts that exceed the institutional payments made by the Secretary pursuant to [section 716(a)] *section 715(a)* may count such excess toward the amounts the institution is required to provide pursuant to [section 714(b)(2)] *section 713(b)(2)*.

\* \* \* \* \*



**SECTION 857 OF THE HIGHER EDUCATION  
AMENDMENTS OF 1998**

**SEC. 857. AUTHORIZATION OF APPROPRIATIONS.**

(a) IN GENERAL.—There are authorized to be appropriated \$450,000 for fiscal year **[1999]** *2001* to the Commission to carry out this part.

\* \* \* \* \*

ADDITIONAL VIEWS OF CONGRESSMAN ROBERT C. "BOBBY"  
SCOTT

While overall H.R. 4504, the Higher Education Technical Amendments Act, makes positive technical changes to the Higher Education Act, I continue to oppose Section 484(r) of current law and the modifications made to that section by provisions in H.R. 4504. Section 484(r) prohibits students convicted of drug crimes from receiving federal financial aid. The modification to Section 484(r) contained in H.R. 4504 restricts the application of the section to offenses occurring while the student is enrolled in college. Additionally, H.R. 4504 would deny federal student financial assistance to students who choose not to report a previous drug conviction on the FAFSA. This provision is poorly conceived and could have the unfortunate result of denying students access to a higher education. The amendment I offered would have repealed Section 484(r) of current law and removed the language in the bill related to this issue.

There has been no evidence presented that Section 484(r) of current law actually reduces drug use among students. Indeed, one risk factor of drug use is the lack of appreciation by youth of the effect of their present conduct on their future. In fact, those very students at highest risk of drug use are the last to consider the future intricacies of college admissions and financial aid. We do know, however, that for those with drug convictions, the factors which will increase the likelihood that they will end their involvement with drugs include access to positive opportunities, such as a college education.

As there is no evidence that Section 484(r) will aid in reducing drug use by college students, attention should be directed to the unfairness of its application and effect. Because this provision concerns financial aid eligibility, students fortunate to be wealthy enough to attend college without federal financial assistance are not affected. As a result, this poorly conceived provision only affects low-income students for whom the denial of financial aid effectively denies them access to college.

Furthermore, these provisions penalize those who have been convicted of drug use, not those who actually use drugs. African American youth represent approximately 13% of the population and, according to studies, also represent 13% of drug users. However, because of racial disparities in the criminal justice system, such as racial profiling by law enforcement, African Americans now comprise 55% of those convicted of drug crimes. Section 484(r) only magnifies the impact of these disparities.

The Committee should be similarly concerned that drug offenses are the only category of criminal activity that result in the loss of eligibility for federal financial aid. This penalty is not assessed for

students who are convicted of driving under the influence, murder, rape, or other serious crimes.

The addition of a new requirement mandating financial aid applicants to self-report drug convictions at the risk of losing federal assistance also raises questions. This provision requires students who have had drug convictions in the past to reveal information that has no bearing on their income status. Students who committed drug offenses as juveniles may have had this information expunged from their record or sealed from the public. Indeed, students may even be afraid to apply for college if they feel that this information will influence decisions made by admissions or financial aid officers.

Student government associations, civil rights groups, and criminologists from across the country have joined together to express their opposition to Section 484(r) of current law, as well as their opposition to the related provisions contained in H.R. 4504. The Scott Amendment, which would have reversed these harmful provisions, should have been supported by the Committee.

BOBBY SCOTT.

## DISSENTING VIEWS OF RON PAUL

H.R. 4504, like many things in Washington, is misnamed since this bill does more than make “technical corrections” to the Higher Education Act, it forces new mandates on the vast majority of colleges and universities who accept federal funding. In particular, this bill requires colleges to make public their policies for handling reports of missing students as well as their policies for cooperating with local police in investigations of missing students. Of course, all colleges and universities should make this type of information available to students and parents. However, the Federal Government has no authority to mandate that colleges provide this type of information, nor does the Federal Government have any authority to interfere with any other aspect of the relationship between an institution of higher education and its students.

The proliferation of federal regulations imposed on colleges who meekly obey for fear of losing federal funds show just how prescient were those who warned that federal funding of higher education would inevitably lead to federal control. It is an unconstitutional abuse of power for the federal government to levy exorbitant taxes on the American people and then force the people to obey federal dictates as the price of receiving some of their tax money back for higher education programs. Instead of extending federal control of education, my colleagues should be putting control over higher education resources in the hands of the American people by supporting legislation such as H.R. 2750, the Make College Affordable Act. This bill makes college tuition tax deductible for millions of working and middle-class Americans. Reducing taxes so the American people can devote more of their resources to ensure their children can receive a quality college education is a far more effective (and a constitutional) way of helping people get access to college than expanding bureaucratic federal programs.

Since H.R. 4504 expands the Federal Government’s unconstitutional control of higher education I must oppose it. I urge my colleagues to also oppose further federal control of higher education and instead return control over higher education to the American people through large education-related tax cuts and tax credits.

RON PAUL.

