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104TH CONGRESS, 1st Session | HOUSE OF REPRESENTATIVES | REPORT 104–153

PRIVATIZATION ACT OF 1995

JUNE 22, 1995.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GOODLING, from the Committee on Economic and Educational Opportunities, submitted the following

R E P O R T

together with

MINORITY AND ADDITIONAL VIEWS

[To accompany H.R. 1720]

[Including cost estimate of the Congressional Budget Office]

The Committee on Economic and Educational Opportunities, to whom was referred the bill (H.R. 1720) to amend the Higher Education Act of 1965 to provide for the cessation of Federal sponsorship of two Government sponsored enterprises, and for other purposes, 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; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "Privatization Act of 1995".

(b) REFERENCES.—References in this Act to "the Act" are references to the Higher Education Act of 1965.

SEC. 2. PURPOSE.

The purpose of this Act is to provide for the cessation of Federal sponsorship of two Government sponsored enterprises, the Student Loan Marketing Association and the College Construction Loan Insurance Association now that both corporations are economically viable and have successfully fulfilled the purposes for which they were created.

99–006

TITLE I—STUDENT LOAN MARKETING ASSOCIATION

SEC. 101. REORGANIZATION OF THE STUDENT LOAN MARKETING ASSOCIATION THROUGH THE FORMATION OF A HOLDING COMPANY.

(a) AMENDMENT.—Part B of title IV of the Act (20 U.S.C. 1071 et seq.) is amended by inserting after section 439 (20 U.S.C. 1087–2) the following new section:

"SEC. 440. REORGANIZATION OF THE STUDENT LOAN MARKETING ASSOCIATION THROUGH THE FORMATION OF A HOLDING COMPANY.

"(a) ACTIONS BY THE ASSOCIATION'S BOARD OF DIRECTORS.—The Board of Directors of the Association shall take or cause to be taken all such action as it deems necessary or appropriate to effect, upon the shareholder approval described in subsection (b), a restructuring of the common stock ownership of the Association, as set forth in a plan of reorganization adopted by the Board of Directors (the terms of which shall be consistent with this Act) so that all of the outstanding common shares shall be directly owned by an ordinary business corporation chartered under State or District of Columbia law (the 'Holding Company'), as the Board of Directors may determine. Such actions may include, in the Board's discretion, a merger of a wholly owned subsidiary of the Holding Company with and into the Association, which would have the effect provided in the plan of reorganization and the law of the jurisdiction in which such subsidiary is incorporated. As part of the restructuring, the Board of Directors may cause (1) the common shares of the Association to be converted, at the reorganization effective date, to common shares of the Holding Company on a one for one basis, consistent with applicable State or District of Columbia law, and (2) Holding Company common shares to be registered with the Securities and Exchange Commission.

"(b) SHAREHOLDER APPROVAL.—The plan of reorganization adopted by the Board of Directors pursuant to subsection (a) shall be submitted to common stockholders of the Association for their approval. The reorganization shall occur at the reorganization effective date, provided that the plan of reorganization has been approved by the affirmative votes, cast in person or by proxy, of the holders of a majority of the issued and outstanding shares of the Association common stock.

"(c) TRANSITION.—

"(1) IN GENERAL.—Except as specifically provided in this section, until the dissolution date the Association shall continue to have all of the rights, privileges and obligations set forth in, and shall be subject to all of the limitations and restrictions of, section 439 of this Act as in effect on the effective date of this section, and the Association shall continue to carry out the purposes of such section. The Holding Company and its affiliates other than the Association shall not be entitled to any of the rights, privileges and obligations, and shall not be subject to the limitations and restrictions, applicable to the Association under section 439 of this Act as in effect on the effective date of this section, except as specifically provided in this section. The Holding Company and its subsidiaries (other than the Association) shall not purchase loans insured under this Act until such time as the Association ceases acquiring such loans, except that the Association shall continue to acquire loans as a lender of last resort pursuant to section 439(q) of this Act or under an agreement with the Secretary described in section 440(c)(6).

"(2) TRANSFER OF CERTAIN PROPERTY.—Except as specifically provided in this section, at the reorganization effective date or as soon as practicable thereafter, the Association shall use its best efforts to transfer to the Holding Company or its subsidiaries (or both), in each case, as directed by the Holding Company, all real and personal property of the Association (both tangible and intangible) other than the remaining property. Without limiting the preceding sentence, such transferred property shall include all right, title and interest in (A) direct or indirect subsidiaries of the Association (excluding any interest in any government sponsored enterprise), (B) contracts, leases, and other agreements, (C) licenses and other intellectual property, and (D) any other property of the Association. Notwithstanding the preceding provisions of this paragraph, nothing in this paragraph shall be construed to prohibit the Association from transferring remaining property from time to time to the Holding Company or its subsidiaries, subject to the provisions of paragraph (4).

"(3) TRANSFER OF PERSONNEL.—At the reorganization effective date, employees of the Association shall become employees of the Holding Company (or of the subsidiaries), and the Holding Company (or the subsidiaries or both) shall provide all necessary and appropriate management and operational support (in-

cluding loan servicing) to the Association, as requested by the Association. The Association may, however, obtain such management and operational support from other persons or entities.

"(4) DIVIDENDS.—The Association may pay dividends in the form of cash or noncash distributions so long as at the time of the declaration of such dividends, after giving effect to the payment of such dividends as of the date of such declaration by the Board of Directors of the Association, the Association's capital would be in compliance with the capital standards set forth in section 439(r) of this Act. If, at any time after the reorganization effective date, the Association fails to comply with such capital standards, the Holding Company shall be obligated to transfer to the Association additional capital in such amounts as are necessary to ensure that the Association again complies with the capital standards.

"(5) VALUATION OF NONCASH DISTRIBUTIONS.—After the reorganization effective date, any distribution of noncash assets by the Association to the Holding Company shall be valued at book value on the date the Association's Board of Directors approved such distribution for purposes of calculating compliance with section 439(r) of this Act.

"(6) RESTRICTIONS ON NEW BUSINESS ACTIVITY OR ACQUISITION OF ASSETS BY ASSOCIATION.—After the reorganization effective date, the Association shall not engage in any new business activities or acquire any additional assets other than—

"(A) in connection with (i) student loan purchases through September 30, 2003, and (ii) contractual commitments for future warehousing advances or pursuant to letters of credit or standby bond purchase agreements which are outstanding as of the reorganization effective date;

"(B) in connection with its serving as a lender-of-last-resort pursuant to section 439 of this Act; and

"(C) in connection with its purchase of loans insured under this part, if the Secretary, with the approval of the Secretary of the Treasury, enters into an agreement with the Association for the continuation or resumption of its secondary market purchase program because the Secretary determines there is inadequate liquidity for loans made under this part.

The Secretary is authorized to enter into an agreement described in subparagraph (C) with the Association covering such secondary market activities.

Any agreement entered into under subparagraph (C) shall cover a period of 12 months, but may be renewed if the Secretary determines that liquidity remains inadequate. The fee provided under section 439(h)(7) shall not apply to loans acquired under any such agreement with the Secretary.

"(7) ISSUANCE OF DEBT OBLIGATIONS DURING THE TRANSITION PERIOD; ATTRIBUTES OF DEBT OBLIGATIONS.—After the reorganization effective date, the Association shall not issue debt obligations which mature later than September 30, 2004, except in connection with serving as a lender-of-last-resort pursuant to section 439 of this Act or with purchasing loans under an agreement with the Secretary as described in paragraph (6) of this subsection. Nothing in this subsection shall modify the attributes accorded the debt obligations of the Association by section 439, regardless of whether such debt obligations are incurred prior to, or at any time following, the reorganization effective date or are transferred to a trust in accordance with subsection (d).

"(8) MONITORING OF SAFETY AND SOUNDNESS.—

"(A) OBLIGATION TO OBTAIN, MAINTAIN, AND REPORT INFORMATION.—The Association shall obtain such information and make and keep such records as the Secretary of the Treasury may from time to time prescribe concerning (i) the financial risk to the Association resulting from the activities of any of its associated persons, to the extent such activities are reasonably likely to have a material impact on the financial condition of the Association, including its capital ratio, its liquidity, or its ability to conduct and finance its operations, and (ii) the Association's policies, procedures, and systems for monitoring and controlling any such financial risk. The Association's obligations under this subsection with respect to any associated person which is a third party servicer (as defined in 34 C.F.R. 682.200(b)) shall be limited to providing to the Secretary of the Treasury copies of any reports or other information provided to the Secretary of Education pursuant to 34 C.F.R. 682.200 et seq. The Secretary of the Treasury may require summary reports of such information to be filed no more frequently than quarterly. For purposes of this paragraph, the term 'associated person' shall mean any person, other than a natural person, directly or indirectly controlling, controlled by, or under common control with the Association.

"(B) SEPARATE OPERATION OF CORPORATIONS.—

"(i) The funds and assets of the Association shall at all times be maintained separately from the funds and assets of the Holding Company or any of its other subsidiaries and may be used solely by the Association to carry out its purposes and to fulfill its obligations.

"(ii) The Association shall maintain books and records that clearly reflect the assets and liabilities of the Association, separate from the assets and liabilities of the Holding Company or any of its other subsidiaries.

"(iii) The Association shall maintain a corporate office that is physically separate from any office of the Holding Company or any of its subsidiaries.

"(iv) No director of the Association that is appointed by the President pursuant to section 439(c)(1)(A) may serve as a director of the Holding Company.

"(v) At least one officer of the Association shall remain an officer solely of the Association.

"(vi) Transactions between the Association and the Holding Company or its other subsidiaries, including any loan servicing arrangements, shall be on terms no less favorable to the Association than the Association could obtain from an unrelated third party.

"(vii) The Association shall not extend credit to the Holding Company or any of its affiliates, nor guarantee or provide any credit enhancement to any debt obligations of the Holding Company or any of its affiliates.

"(viii) Any amounts collected on behalf of the Association by the Holding Company or any of its other subsidiaries with respect to the assets of the Association, pursuant to a servicing contract or other arrangement between the Association and the Holding Company or any of its other direct or indirect subsidiaries, shall be collected solely for the benefit of the Association and shall be immediately deposited by the Holding Company or such other subsidiary to an account under the sole control of the Association.

"(C) ENCUMBRANCE OF ASSETS.—Notwithstanding any otherwise applicable Federal or State law, rule, or regulation, or legal or equitable principle, doctrine, or theory to the contrary, under no circumstances shall the assets of the Association be available or used to pay claims or debts of or incurred by the Holding Company. Nothing in this subparagraph shall limit the right of the Association to pay dividends not otherwise prohibited hereunder or limit any liability of the Holding Company explicitly provided for in this part.

"(D) HOLDING COMPANY ACTIVITIES.—After the reorganization effective date and prior to the dissolution of the Association in accordance with section 440(d), Holding Company activities shall be limited to ownership of the Association and any other subsidiaries. All business activities shall be conducted through subsidiaries.

"(9) ASSOCIATION BOARD OF DIRECTORS.—Notwithstanding any other provision of part B of this title, after the reorganization effective date, the 14 directors of the Association elected by the Association's stockholders (which immediately after the reorganization effective date shall be the Holding Company) shall no longer be required to meet the eligibility requirements set forth in section 439(c).

"(10) ISSUANCE OF STOCK WARRANTS.—At the reorganization effective date, the Holding Company shall issue to the Secretary of the Treasury 200,000 stock warrants, each entitling the holder of the stock warrant to purchase from the Holding Company one share of the registered common stock of the Holding Company at any time on or before September 30, 2007. The exercise price for such warrants shall be an amount equal to the average closing price of the common stock of the Association for the 20 business days prior to and including the date of enactment of this section on the exchange or market which is then the primary exchange or market for the common stock of the Association, subject to any adjustments necessary to reflect the conversion of Association common stock into Holding Company common stock as part of the plan of reorganization approved by the Association's shareholders.

"(11) RESTRICTIONS ON TRANSFER OF ASSOCIATION SHARES AND BANKRUPTCY OF ASSOCIATION.—After the reorganization effective date, the Holding Company shall not sell, pledge, or otherwise transfer the outstanding shares of the Association, or agree to or cause the liquidation of the Association to file a petition

of bankruptcy under title 11, United States Code, without prior approval of the Secretary of the Treasury and the Secretary of Education.

"(d) TERMINATION OF THE ASSOCIATION.—The Association shall dissolve, and its separate existence shall terminate on September 30, 2007, after discharge of all outstanding debt obligations and liquidation pursuant to this subsection. The Association may dissolve pursuant to this subsection prior to such date by notifying the Secretary of Education and the Secretary of the Treasury of its intention to dissolve, unless within 60 days of receipt of such notice the Secretary of Education notifies the Association that it continues to be needed to serve as a lender of last resort pursuant to section 439(q) of this Act or continues to be needed to purchase loans under an agreement with the Secretary described in subsection (c)(6) of this section. On the dissolution date, the Association shall take the following actions:

"(1) ESTABLISHMENT OF A TRUST.—The Association shall, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Secretary of the Treasury, the Association and the appointed trustee, irrevocably transfer all remaining obligations of the Association to the trust and irrevocably deposit or cause to be deposited into such trust, to be held as trust funds solely for the benefit of holders of the remaining obligations, money or direct noncallable obligations of the United States of America or any agency thereof for which payment the full faith and credit of the United States is pledged, maturing as to principal and interest in such amounts and at such times as are determined by the Secretary of the Treasury to be sufficient, without consideration of any significant reinvestment of such interest, to pay the principal of, and interest on, the remaining obligations in accordance with their terms. To the extent the Association cannot provide money or qualifying obligations in the amount required, the Holding Company shall be required to transfer money or qualifying obligations to the trust in the amount necessary to prevent any deficiency.

"(2) USE OF TRUST ASSETS.—All money, obligations, or financial assets deposited into the trust pursuant to this subsection shall be applied by the trustee to the payment of the remaining obligations assumed by the trust. Upon the fulfillment of the trustee's duties under the trust, any remaining assets of the trust shall be transferred to the Holding Company or its subsidiaries, or both, as directed by the Holding Company.

"(3) OBLIGATIONS NOT TRANSFERRED TO THE TRUST.—The Association shall make proper provision for all other obligations of the Association, including the repurchase or redemption, or the making of proper provision for the repurchase or redemption, of any preferred stock of the Association then outstanding. Any obligations of the Association which cannot be fully satisfied shall become liabilities of the Holding Company as of the date of dissolution.

"(4) TRANSFER OF REMAINING ASSETS.—After compliance with paragraphs (1), (2), and (3), the Association shall transfer to the Holding Company any remaining assets of the Association.

"(e) OPERATION OF THE HOLDING COMPANY.—

"(1) HOLDING COMPANY BOARD OF DIRECTORS.—The number and composition of the Board of Directors of the Holding Company shall be determined as set forth in the Holding Company's charter or like instrument (as amended from time to time) or bylaws (as amended from time to time) and as permissible under the laws of the jurisdiction of its incorporation.

"(2) HOLDING COMPANY NAME.—The names of the Holding Company and any direct or indirect subsidiary of the Holding Company other than the Association may not contain the name 'Student Loan Marketing Association' or 'Sallie Mae'.

"(3) USE OF SALLIE MAE NAME.—Subject to paragraph (2), the Association may assign to the Holding Company, or any direct or indirect subsidiary of the Holding Company other than the Association, the 'Sallie Mae' name as a trademark and service mark, except that neither the Holding Company nor any direct or indirect subsidiary of the Holding Company may use the 'Sallie Mae' name on, or to identify the issuer of, any debt obligation or other security offered or sold by the Holding Company or any direct or indirect subsidiary. The Association shall remit to the Secretary of Treasury $5,000,000 during fiscal year 1996 as compensation for the right to assign such trademark or service mark.

"(4) DISCLOSURE REQUIRED.—Until 3 years after the dissolution date, the Holding Company, and any direct or indirect subsidiary of the Holding Company other than the Association, shall prominently display in any document offering its securities, and in any advertisement or promotional materials which use the 'Sallie Mae' name or mark, a statement that—

"(A) neither the Holding Company nor any such subsidiary is a Government-sponsored enterprise or instrumentality of the United States; and

"(B) the obligations of the Holding Company and any such subsidiary are not guaranteed by the full faith and credit of the United States.

"(f) STRICT CONSTRUCTION.—Except as specifically set forth in this section, nothing contained in this section shall be construed to limit the authority of the Association as a federally chartered corporation, or of the Holding Company as a State or District of Columbia chartered corporation.

"(g) RIGHT TO ENFORCE.—The Secretary of Education or the Secretary of the Treasury, as appropriate, may request the Attorney General of the United States to bring an action in the United States District Court for the District of Columbia for the enforcement of any provisions of this section, or may, under the direction or control of the Attorney General, bring such an action. Such court shall have jurisdiction and power to order and require compliance with this section.

"(h) DEADLINE FOR REORGANIZATION EFFECTIVE DATE.—This section shall be of no further force and effect in the event that the reorganization effective date does not occur on or before 18 months after the date of enactment of this section.

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

"(1) The term 'Association' means the Student Loan Marketing Association.

"(2) The term 'dissolution date' shall mean September 30, 2007, or such earlier date as the Secretary of Education permits the transfer of remaining obligations in accordance with subsection (d) of this section.

"(3) The term 'reorganization effective date' means the effective date of the reorganization as determined by the Board of Directors of the Association, which shall not be earlier than the date that stockholder approval is obtained pursuant to subsection (b) of this section and shall not be later than the date that is 18 months after the date of enactment of this section.

"(4) The term 'Holding Company' means the new business corporation formed pursuant to this section by the Association under the laws of any State of the United States or the District of Columbia.

"(5) The term 'remaining obligations' shall mean the debt obligations of the Association outstanding as of the dissolution date.

"(6) The term 'remaining property' shall mean the following assets and liabilities of the Association which are outstanding as of the reorganization effective date: (A) debt obligations issued by the Association, (B) contracts relating to interest rate, currency, or commodity positions or protections, (C) investment securities owned by the Association, (D) any instruments, assets, or agreements described in section 439(d) of this Act (including without limitation all student loans, forward purchase and lending commitments, warehousing advances, academic facilities obligations, letters of credit, standby bond purchase agreements, liquidity agreements, and student loan revenue bonds or other loans), and (E) except as specifically prohibited by this Act, any other nonmaterial assets or liabilities of the Association which the Association's Board of Directors determines to be necessary or appropriate to its operations.

"(7) The term 'reorganization' means the restructuring event or events (including any merger event) giving effect to the holding company structure described in subsection (a) of this section.

"(8) The term 'subsidiaries' shall mean one or more direct or indirect subsidiaries of the Holding Company.".

(b) TECHNICAL AMENDMENTS.—

(1) AMENDMENTS TO THE HIGHER EDUCATION ACT.—Effective on the reorganization effective date (as defined in section 440(h)(3) of the Act, as added by subsection (a))—

(A) section 435(d)(1)(F) of the Act (20 U.S.C. 1085(d)(1)(F)) is amended by inserting after "Student Loan Marketing Association" the following: "or the Holding Company of the Student Loan Marketing Association, including all subsidiaries of such Holding Company, created pursuant to section 440 of this Act,"; and

(B) sections 435(d)(1)(G) and 428C(a)(1)(A) of such Act (20 U.S.C. 1085(d)(1)(G); 1078–3(a)(1)(A)) are each amended by inserting after "Student Loan Marketing Association" the following: "or the Holding Company of the Student Loan Marketing Association, including all subsidiaries of such Holding Company, created pursuant to section 440 of this Act".

(2) ENFORCEMENT OF SAFETY AND SOUNDNESS REQUIREMENTS.—Section 439(r) of the Act (20 U.S.C. 1087–2(r)) is amended—

(A) by redesignating paragraph (13) as paragraph (15); and

(B) by inserting after paragraph (12) the following new paragraph:

"(13) ENFORCEMENT OF SAFETY AND SOUNDNESS REQUIREMENTS.—The Secretary of Education or the Secretary of the Treasury, as appropriate, may request the Attorney General of the United States to bring an action in the Unit-

ed States District Court for the District of Columbia for the enforcement of any provisions of this subsection, or may, under the direction or control of the Attorney General, bring such an action. Such court shall have jurisdiction and power to order and require compliance with this subsection.".

(3) CAPITAL RATIO AMENDMENTS.—Section 439(r) of the Act is further amended—

(A) in paragraph (1)—

(i) by striking "and" at the end of subparagraph (A);

(ii) by striking the period at the end of subparagraph (B) and inserting "; and"; and

(iii) by adding at the end the following new subparagraph:

"(C) within 45 days of the end of each calendar quarter, (i) financial statements of the Association, and (ii) a report setting forth the calculation of the capital ratio of the Association.";

(B) in paragraph (11), by striking "paragraphs (4) and (6)(A)" and inserting "paragraphs (4), (6)(A), and (14)"; and

(C) by inserting after paragraph (13) (as added by paragraph (2) of this subsection) the following new paragraph:

"(14) ACTIONS BY SECRETARY.—If the shareholders of the Association shall have approved a reorganization plan in accordance with section 440(b) and, for any quarter after January 1, 2000, the Association shall have a capital ratio of less than 2.25 percent, the Secretary of the Treasury may, until such capital ratio is met, take any one or more of the actions described in paragraph (7), except that—

"(A) the capital ratio to be restored pursuant to paragraph (7)(D) shall be 2.25 percent; and

"(B) if the relevant capital ratio is in excess of or equal to 2 percent for such quarter, the Secretary of the Treasury shall defer taking any of the actions set forth in paragraph (7) until the next succeeding quarter and may then proceed with any such action only if the capital ratio of the Association remains below 2.25 percent.

Upon approval by the shareholders of the Association of a reorganization plan in accordance with section 440(b) for any period after January 1, 2000, the provisions of paragraphs (4), (5), (6), (8), (9), and (10) shall be of no further application to the Association.".

(4) REPEAL OF THE ASSOCIATION'S CHARTER.—Effective on the dissolution date (as defined in section 440(h)(2) of the Act, as added by subsection (a)), section 439 of the Act (20 U.S.C. 1087–2) is repealed.

TITLE II—COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION

SEC. 201. PRIVATIZATION OF COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION.

(a) REPEAL OF STATUTORY RESTRICTIONS.—Part D of title VII of the Act (20 U.S.C. 1132f et seq.) is repealed.

(b) STATUS OF THE CORPORATION.—

(1) STATUS OF THE CORPORATION.—The Corporation shall not be an agency, instrumentality, or establishment of the United States Government and shall not be a "Government corporation" nor a "Government controlled corporation" as defined in section 103 of title 5, United States Code. No action under section 1491 of title 28, United States Code (commonly known as the Tucker Act) shall be allowable against the United States based on the actions of the Corporation.

(2) CORPORATE POWERS.—The Corporation shall have the power to engage in any business or other activities for which corporations may be organized under the laws of any State of the United States or the District of Columbia. The Corporation shall have the power to enter into contracts, to execute instruments, to incur liabilities, to provide products and services, and to do all things as are necessary or incidental to the proper management of its affairs and the efficient operation of a private, for-profit business.

(c) RELATED PRIVATIZATION REQUIREMENTS.—

(1) NOTICE REQUIREMENTS.—During the 5-year period following the date of the enactment of this Act, the Corporation shall include in any document offering the Corporation's securities, or in any contracts for insurance, guarantee, or reinsurance of obligations, a statement that—

(A) the Corporation is not a Government-sponsored enterprise or instrumentality of the United States; and

(B) the Corporation's obligations are not guaranteed by the full faith and credit of the United States.

(2) CORPORATE CHARTER.—The Corporation's charter shall be amended as necessary and without delay to conform the requirements of this Act.

(3) CORPORATE NAME.—The name of the Corporation, or of any direct or indirect subsidiary thereof, may not contain the term "College Construction Loan Insurance Association".

(4) ARTICLES OF INCORPORATION.—The Corporation shall amend its articles of incorporation without delay to reflect that one of the purposes of the Corporation shall be to guarantee, insure and reinsure bonds, leases, and other evidences of debt of educational institutions, including Historically Black Colleges and Universities and other academic institutions which are ranked in the lower investment grade category using a nationally recognized credit rating system.

(5) TRANSITION REQUIREMENTS.—

(A) REQUIREMENTS UNTIL STOCK SALE.—Notwithstanding subsection (a), the requirements of section 754 of the Act (20 U.S.C. 1132f–3), as in existence as of the day before enactment of this Act, shall continue to be effective until the day immediately following the date of closing of the purchase of the Secretary's stock (or the date of closing of the final purchase, in the case of multiple transactions) pursuant to subsection (d) of this section.

(B) REPORTS AFTER STOCK SALE.—The Corporation shall, not later than March 30 of the first full calendar year immediately following the sale pursuant to subsection (d), and each of the 2 succeeding years, submit to the Secretary of Education a report describing the Corporation's efforts to assist in the financing of education facilities projects, including projects for elementary, secondary, and postsecondary educational institution infrastructure, and detailing, on a project-by-project basis, the Corporation's business dealings with educational institutions that are rated by a nationally recognized statistical rating organization at or below the organization's third highest ratings.

(d) SALE OF FEDERALLY OWNED STOCK.—

(1) SALE OF STOCK REQUIRED.—The Secretary of the Treasury shall, upon the request of the Secretary of Education make every effort to sell, pursuant to section 324 of title 31, United States Code, the voting common stock of the Corporation owned by the Secretary of Education not later than one year after the date of the enactment of this Act.

(2) PURCHASE BY THE CORPORATION.—In the event that the Secretary of the Treasury is unable to sell the voting common stock, or any portion thereof, at a price acceptable to the Secretary of Education and the Secretary of the Treasury within the period specified in paragraph (1), the Corporation shall purchase such stock at a price determined by the Secretary of the Treasury and acceptable to the Corporation based on independent appraisal by one or more nationally recognized financial firms. Such firms shall be selected by the Secretary of the Treasury in consultation with the Secretary of Education and the Corporation.

(e) ASSISTANCE BY THE CORPORATION.—The Corporation shall provide such assistance as the Secretary of the Treasury and the Secretary of Education may require to facilitate the sale of the stock under this section.

(f) DEFINITION.—As used in this section, the term "Corporation" means the Corporation established pursuant to the provision of law repealed by subsection (a).

TITLE III—REPEALERS AND OTHER AMENDMENTS

SEC. 301. HIGHER EDUCATION PROVISIONS.

(a) HIGHER EDUCATION ACT OF 1965 PROVISIONS.—The following provisions of the Higher Education Act of 1965 are repealed:

(1) Part B of title I (20 U.S.C. 1011 et seq.), relating to articulation agreements.

(2) Part C of title I (20 U.S.C. 1015 et seq.), relating to access and equity to education for all Americans through telecommunications.

(3) Title II (20 U.S.C. 1021 et seq.), relating to academic libraries and information services.

(4) Chapter 2 of subpart 2 of part A of title IV (20 U.S.C. 1070a–21 et seq.), relating to national early intervention scholarships.

(5) Chapter 3 of subpart 2 of part A of title IV (20 U.S.C. 1070a–31 et seq.), relating to presidential access scholarships.

(6) Chapter 4 of subpart 2 of part A of title IV (20 U.S.C. 1070a–41 et seq.), relating to model program community partnerships and counseling grants.

(7) Chapter 5 of subpart 2 of part A of title IV (20 U.S.C. 1070a–52 et seq.), relating to an early awareness information program.

(8) Chapter 8 of subpart 2 of part A of title IV (20 U.S.C. 1070a–81), relating to technical assistance for teachers and counselors.

(9) Subpart 5 of part A of title IV (20 U.S.C. 1070d–2), relating to special programs for students whose families are engaged in migrant and seasonal farmwork.

(10) Subpart 8 of part A of title IV (20 U.S.C. 1070f), relating to special child care services for disadvantaged college students.

(11) Section 428J (20 U.S.C. 1078–10), relating to loan forgiveness for teachers, individuals performing national community service and nurses.

(12) Section 486 (20 U.S.C. 1093), relating to training in financial aid services.

(13) Subpart 1 of part H of title IV (20 U.S.C. 1099a et seq.) relating to State postsecondary review entity programs.

(14) Part A of title V (20 U.S.C. 1102 et seq.), relating to State and local programs for teacher excellence.

(15) Part B of title V (20 U.S.C. 1103 et seq.), relating to national teacher academies.

(16) Subpart 1 of part C of title V (20 U.S.C. 1104 et seq.), relating to Douglas teacher scholarships.

(17) Subpart 3 of part C of title V (20 U.S.C. 1106 et seq.), relating to the teacher corps.

(18) Subpart 3 of part D of title V (20 U.S.C. 1109 et seq.), relating to class size demonstration grants.

(19) Subpart 4 of part D of title V (20 U.S.C. 1110 et seq.), relating to middle school teaching demonstration programs.

(20) Subpart 1 of part E of title V (20 U.S.C. 1111 et seq.), relating to new teaching careers.

(21) Subpart 1 of part F of title V (20 U.S.C. 1113 et seq.), relating to the national mini corps programs.

(22) Section 586 (20 U.S.C. 1114), relating to demonstration grants for critical language and area studies.

(23) Section 587 (20 U.S.C. 1114a), relating to development of foreign languages and cultures instructional materials.

(24) Subpart 3 of part F of title V (20 U.S.C. 1115), relating to small State teaching initiatives.

(25) Subpart 4 of part F of title V (20 U.S.C. 1116), relating to faculty development grants.

(26) Subpart 5 of part F of title V (20 U.S.C. 1117), relating to early childhood staff training and professional enhancement.

(27) Section 605 (20 U.S.C. 1124a), relating to intensive summer language institutes.

(28) Section 607 (20 U.S.C. 1125a), relating to foreign language periodicals.

(29) Part A of title VII (20 U.S.C. 11326 et seq.), relating to academic and library facilities.

(30) Title VIII (20 U.S.C. 1133 et seq.), relating to cooperative education programs.

(31) Part A of title IX (20 U.S.C. 1134a et seq.), relating to women and minority participation in graduate education.

(32) Part B of title IX (20 U.S.C. 1134d et seq.), relating to Harris fellowships.

(33) Part C of title IX (20 U.S.C. 1134h et seq.), relating to Javits fellowships.

(34) Part E of title IX (20 U.S.C. 1134r et seq.), relating to the faculty development fellowship program.

(35) Part F of title IX (20 U.S.C. 1134s et seq.), relating to legal training for the disadvantaged.

(36) Part G of title IX (20 U.S.C. 1134u et seq.), relating to law school clinical programs.

(37) Section 1011 (20 U.S.C. 1135a–11), relating to special projects in areas of national need.

(38) Subpart 2 of part B of title X (20 U.S.C. 1135c et seq.), relating to science and engineering access programs.

(39) Part C of title X (20 U.S.C. 1135e et seq.), relating to women and minorities science and engineering outreach demonstration programs.

(40) Part D of title X (20 U.S.C. 1135f), relating to Eisenhower leadership programs.

(41) Title XI (20 U.S.C. 1136 et seq.), relating to community service programs.

(b) EDUCATION AMENDMENTS OF 1986 PROVISIONS.—The following provisions of the Higher Education Amendments of 1986 are repealed:

(1) Part E of title XIII (20 U.S.C. 1221–1 note), relating to a National Academy of Science study.

(2) Part B of title XV (20 U.S.C. 4441 et seq.), relating to Native Hawaiian culture and art development.

(c) EDUCATION AMENDMENTS OF 1992 PROVISIONS.—The following provisions of the Higher Education Amendments of 1992 are repealed:

(1) Part F of title XIII (25 U.S.C. 3351 et seq.), relating to American Indian postsecondary economic development scholarships.

(2) Part G of title XIII (25 U.S.C. 3371), relating to American Indian teacher training.

(3) Section 1406 (20 U.S.C. 1221e–1 note), relating to a national survey of factors associated with participation.

(4) Section 1409 (20 U.S.C. 1132a note), relating to a study of environmental hazards in institutions of higher education.

(5) Section 1412 (20 U.S.C. 1101 note), relating to a national job bank for teacher recruitment.

(6) Part B of title XV (20 U.S.C. 1452 note), relating to a national clearinghouse for postsecondary education materials.

(7) Part C of title XV (20 U.S.C. 1101 note), relating to school-based decisionmakers.

(8) Part D of title XV (20 U.S.C. 1145h note), relating to grants for sexual offenses education.

(9) Part E of title XV (20 U.S.C. 1070 note), relating to Olympic scholarships.

(10) Part G of title XV (20 U.S.C. 1070a–11 note), relating to advanced placement fee payment programs.

(d) CONFORMING AMENDMENTS.—The Act is amended—

(1) in section 453(c)(2)—

(A) by striking subparagraph (E); and

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

(2) in section 487(a)(3), by striking subparagraph (B) and redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(3) in section 487(a)(15), by striking "the Secretary of Veterans Affairs, and State review entities under subpart 1 of part H" and inserting "and the Secretary of Veterans Affairs";

(4) in section 487(a)(21), by striking ", State postsecondary review entities,";

(5) in section 487(c)(1)(A)(i), by striking "State agencies, and the State review entities referred to in subpart 1 of part H" and inserting "and State agencies";

(6) in section 487(c)(4), by striking ", after consultation with each State review entity designated under subpart 1 of part H,";

(7) in section 487(c)(5), by striking "State review entities designated under subpart 1 of part H,";

(8) in section 496(a)(7), by striking "and the appropriate State postsecondary review entity";

(9) in section 496(a)(8), by striking "and the State postsecondary review entity of the State in which the institution of higher education is located";

(10) in section 498(g)(2), by striking everything after the first sentence;

(11) in section 498A(a)(2)(D), by striking "by the appropriate State postsecondary review entity designated under subpart 1 of this part or";

(12) in section 498A(a)(2)—

(A) by inserting "and" after the semicolon at the end of subparagraph (E);

(B) by striking subparagraph (F); and

(C) by redesignating subparagraph (G) as subparagraph (F); and

(13) in section 498A(a)(3)—

(A) by inserting "and" after the semicolon at the end of subparagraph (C);

(B) by striking "; and" at the end of subparagraph (D) and inserting a period; and

(C) by striking subparagraph (E).

SEC. 302. EFFECTIVE DATE.

The repeals and amendments made by this title shall take effect on October 1, 1996.

TITLE IV—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

SEC. 401. AMENDMENT TO HIGHER EDUCATION ACT.

(a) AMENDMENT.—Section 481(b) of the Act (20 U.S.C. 1088(b)) is amended by inserting after the first sentence the following: "For the purposes of determining whether an institution meets the requirements of clause (6), the Secretary shall not consider the financial information of any institution for a fiscal year that began on or before April 30, 1994.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to any determination made on or after July 1, 1994, by the Secretary of Education pursuant to section 481(b)(6) of the Act.

The provisions of the substitute are explained in this report.

PURPOSE

The purpose of this Act is to provide for the cessation of Federal sponsorship of two government sponsored enterprises, the Student Loan Marketing Association and the College Construction Loan Insurance Association now that both corporations are economically viable and have successfully fulfilled the purposes for which they were created.

COMMITTEE ACTION

On May 3, 1995 the Committee on Economic and Educational Opportunities, Subcommittee on Postsecondary Education, Training and Life-Long Learning, and Subcommittee on National Economic Growth, Natural Resources and Regulatory Affairs held a joint hearing on privatizing Government Sponsored Entities (GSEs). Witnesses were: Ms. Darcy Bradbury, Deputy Assistant Secretary for Federal Finance, Department of the Treasury, Washington, D.C.; Mr. Leo Kornfeld, Senior Advisor to the Secretary, Department of Education, Washington, D.C.; Mr. Lawrence Hough, President and Chief Executive Officer, The Student Loan Marketing Association, Washington, D.C.; Mr. Oliver Sockwell, President and Chief Executive Officer, The College Construction Loan Insurance Association, Washington, D.C.; Mr. Fred Khedouri, Senior Managing Director at Bear, Stearns, and Company, Inc., New York, NY and; Mr. Robert Torray, President of Robert Torray and Company, Bethesda, MD.

INTRODUCTION OF THE PRIVATIZATION ACT OF 1995

On, May 25, 1995, Representative McKeon introduced H.R. 1720, the Privatization Act of 1995. H.R. 1720 was designed to amend the Higher Education Act of 1965, to provide for the cessation of Federal sponsorship of two government sponsored enterprises.

LEGISLATIVE ACTION

On June 8, 1995, the Committee on Economic and Educational Opportunities assembled to consider H.R. 1720, the Privatization Act of 1995. Chairman Goodling offered an amendment in the nature of a substitute to H.R. 1720. Further amendments to the amendment in the nature of a substitute were adopted, and the Committee adopted the amendment in the nature of a substitute,

as amended. H.R. 1720, as amended, was approved by the Committee on Economic and Educational Opportunities on June 8, 1995, by a voice vote.

BACKGROUND AND NEED FOR LEGISLATION

TITLE I—STUDENT LOAN MARKETING ASSOCIATION

The Student Loan Marketing Association ("Sallie Mae" or "the Association") was established in 1972 pursuant to a charter authorized by Part B of Title IV of the Higher Education Act of 1965. Sallie Mae was established as a shareholder-owned financial intermediary to provide financing and liquidity to the student loan market. The Association facilitates student lending primarily by making a secondary market in such loans and providing related financial and operational support to lending and education institutions. In the intervening two decades during which investors have continued to provide private sector equity capital to support its activities, Sallie Mae has successfully fulfilled its mission set out for it by Congress. Tens of millions of students have financed a portion of their postsecondary education costs through guaranteed student loans facilitated through Sallie Mae's efforts. Sallie Mae has become a recognized industry leader in developing and implementing advances in providing financial services to enable banks and other lenders to meet the demand for student loans.

The appropriate future course for Sallie Mae is, however, affected by several important developments. Sallie Mae's very success has spawned the evolution of an active and competitive market in the provision of secondary market services to originators of student loans. Moreover, the application of securitization to the student loan market is providing lenders with an ever-increasing source of funding for student loan originations. Additionally, since 1993, the Department of Education has been replacing a portion of the guaranteed student loan program with direct government lending. These trends reduce the need for the Federal government to sponsor a Government Sponsored Enterprise (GSE) like Sallie Mae in order to create a secondary market for guaranteed student loans.

As stated by Darcy Bradbury, Deputy Assistant Secretary of the Treasury for Federal Finance, in testimony before the Subcommittee on Postsecondary Education, Training and Life-Long Learning and the Subcommittee on National Economic Growth, Natural Resources and Regulatory Affairs: "The Treasury has for a number of years, in Democratic and Republican Administrations, believed that it is appropriate to wean a GSE from Federal sponsorship once the GSE becomes economically viable and successfully fulfills the purpose for which it was created with Federal sponsorship, or when the purpose for which it was created ceases to exist." Ms. Bradbury went on to conclude that Congress should favorably consider legislation to authorize Sallie Mae's management to form a fully private company and to wind down the GSE during a transition.

Title I of H.R. 1720 is designed to facilitate an orderly, gradual transition of Sallie Mae from a federally chartered, limited purpose GSE to a fully private, State-chartered corporation. This transition furthers a number of important public policy goals:

It maintains the stability of the student loan market by allowing Sallie Mae to continue its services to that market as a fully private corporation;

It preserves the attributes of Sallie Mae's outstanding bonds for the benefit of current bond holders;

It encourages continued private sector participation in other GSEs by demonstrating that investors' interests in the going concern value of such entities will be preserved when the entity has matured and its original federally chartered mission has been accomplished;

It provides for safety and soundness regulation throughout the transition to ensure the continued viability of all activities undertaken pursuant to the Federal charter; and

It allows the continued operation of a corporate organization whose unique skills and facilities can continue to contribute to meeting the needs and goals of America's higher education community.

Sallie Mae has been working closely with Congress and the Department of Treasury, which is its safety and soundness regulator, for over one year on a mutually acceptable reorganization plan. As a result of discussions with representatives of the Department of Treasury and the Department of Education, the Committee bill incorporates a number of changes from the Subcommittee on Postsecondary Education, Training and Life-Long Learning's bill, H.R. 1720, reflecting the Committee's response to certain concerns expressed by the Administration.

To ensure the continued financial soundness of the Association during its wind-down period, the Committee has incorporated the following provisions to strengthen the Association's existing safety and soundness requirements:

The Association's required capital ratio has been raised to 2.25 percent after 1999. In addition, after 1999, the Treasury Department may act immediately and unilaterally to enforce the new capital requirement, in contrast to existing law which allows the Association to first propose remedial steps and provides for a consultative process;

A number of requirements have been added to ensure that the management, structure, operations, funds and assets of the Association are maintained separate from those of the Holding Company and its other subsidiaries. Other provisions ensure that transactions between the Association and these affiliated entities are undertaken on an arms-length basis and that the Association's funds and other assets are not available to pay the debts of any of its affiliated entities. The Holding Company is prohibited from being an operating entity during the wind down period;

The reporting requirements of the Association to the Department of Treasury have been expanded and the Treasury Department has been granted authority to oversee any material financial risk to the Association which may result from the activities of the Holding Company and its other subsidiaries. The Secretary of Treasury and the Secretary of Education have been specifically authorized, in conjunction with the United States Attorney General, to bring an action in Federal district

court to enforce the Association's safety and soundness requirements, as well as any provisions of this legislation. Finally, the Holding Company is specifically prohibited from transferring shares of the Association or placing the Association in bankruptcy without the approval of these Departments.

The Committee has restricted the Association's ability to issue new GSE debt after the reorganization. In addition, the defeasance trust into which any remaining debt will be deposited has been structured to ensure that the Secretary of Treasury approves the form and substance of such trust and to minimize any repayment risk to the holders of the outstanding obligations.

To prevent confusion in the marketplace, the Holding Company and its non-GSE subsidiaries are prohibited from using the names "Student Loan Marketing Association or Sallie Mae" as part of their names. The Association is permitted to assign the name "Sallie Mae" to these entities as a trade name or service name, although restrictions on the use of this name in connection with securities offerings, advertisements and promotional materials have been incorporated into H.R. 1720.

The Federal government will share in an economic benefit flowing from privatization as a result of a provision which mandates that the Association issue stock warrants for Holding Company stock to the Treasury Department at the time of reorganization. The terms of these warrants have been structured to provide maximum flexibility to the Department in their exercise or transfer.

Finally, this Committee has incorporated amendments to address concerns raised by certain Members that the Association continue to support the Federal Family Education Loan (FFEL) Program after it is privatized. H.R. 1720 makes it clear that, after the reorganization, the Association shall continue to serve the purposes for which it was formed and specifically shall continue to serve as a lender of last resort. In addition, an exception to the restriction on new business activities of the Association has been added to ensure that it continues to purchase insured student loans if the Secretary of Education determines that there is inadequate liquidity in the secondary market.

TITLE II—COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION

The College Construction Loan Insurance Association ("Connie Lee" or "the Corporation"), was authorized by Congress under Title VII of the Higher Education Amendments of 1986 to help finance the demand for new and renovated higher education facilities. At that time, Congress determined that the deterioration of its physical infrastructure was one of the most serious problems facing higher education.

Although various financing options were available to institutions of higher education, most only provided short-term financing and only met the needs of institutions considered to be of the highest credit caliber. To correct this problem, Congress created Connie Lee in order to provide access to long-term capital to non-investment grade but fundamentally sound universities and colleges. Of all the potential solutions, creating Connie Lee entailed the least liability to the Federal government and the greatest potential for using

Federal funds to leverage a significant level of private capital investment.

Connie Lee was created as a private for-profit corporation, not an agency or a Federal government corporation. The key goals were to:

Create a well capitalized financial guaranty company to be managed in a manner which would be conducive to its long term viability and would limit Federal liability in insuring academic facilities and equipment loans;

Provide a combination of construction and equipment underwriting and financing expertise, credit expertise, legal analysis and financial modeling which specialized in the unique needs of institutions engaged in postsecondary education and training;

Provide open access of long-term capital to a larger number of higher education institutions than was the case; and

Provide lower issuing and interest costs to educational institutions by virtue of the financial guaranty.

Although created as a private, for-profit corporation, Connie Lee commenced its operations as a joint venture with the Secretary of Education and the Student Loan Marketing Association. As major supporters of the Corporation, the Secretary of Education and the Secretary of Treasury were each given two appointments to the Corporation's board of directors, while the Student Loan Marketing Association was given three. The Federal government is currently a minority shareholder in Connie Lee owning less than 15% of Connie Lee stock.

From inception through today, Connie Lee has insured or reinsured approximately $10 billion of principal and interest for academic facilities financings for colleges, universities and teaching hospitals. Connie Lee's insurance has increased investor demand for the institutions' bonds which lowers the interest cost, saving institutions millions of dollars. Connie Lee's success in assisting institutions in facilities financing has also caused large investors and insurers to direct more long term capital into academic facilities.

Connie Lee's success in fulfilling its original mission has resulted in both the need and desire for privatization. As the demand for Connie Lee's services begins to decline as fewer eligible institutions engage in facilities construction, Connie Lee is unable to expand its services to assist other higher education institutions, elementary and secondary schools, local governments, etc., because of the restrictive language of its authorizing legislation. Yet, these other institutions and local governments could greatly benefit from the insurance offered by Connie Lee.

From the viewpoint of Oliver Sockwell, President and Chief Executive Officer of Connie Lee, in testimony before the Subcommittee on Postsecondary Education, Training and Life-Long Learning, privatization provides the flexibility to expand its markets and stabilize its revenue stream assuring its continued health and financial strength. In the case of Connie Lee, it is clear that the Federal restrictions placed on Connie Lee greatly outweigh the benefits of its status as a Government Sponsored Enterprise (GSE). This is particularly true since unlike other GSEs, Connie Lee does not rely on a line of credit to the US Treasury and Connie Lee does not use federally backed debt to fund its operations. And unlike other

GSEs, Connie Lee already pays State and local income tax on its corporate earnings and is subject to Securities and Exchange Commission registration.

From the Federal government's viewpoint, privatizing Connie Lee denotes a clear shift in the way the Federal government does business. Privatization eliminates a Federal presence where the operation of market forces would be more suitable. It also reduces the scope of government. Most importantly, the Federal government would be free of any perception of implied risk that it would be called upon to provide assistance in the event Connie Lee would have financial difficulties.

H.R. 1720 provides for the privatization of Connie Lee immediately upon enactment. The Treasury Department will have one year to sell the stock currently owned by the Department of Education and until such sale occurs, the Federal directors on the Connie Lee board shall remain members of the board.

In order to address concerns raised by Committee Members that Connie Lee continue to serve the needs of educational institutions in the lower investment grade categories, Connie Lee agreed to amend its articles of incorporation to reflect that assistance to these institutions shall be a purpose of the Corporation. In addition, Connie Lee has agreed to provide reports to the Secretary of Education describing its efforts to assist in the financing of education facilities projects, including elementary, secondary and postsecondary, for a period of two years following the divestiture of the federally owned stock.

TITLE III—REPEALERS AND OTHER AMENDMENTS

Title III of H.R. 1720 repeals a number of programs found in the Higher Education Act. Some of these programs have not been funded since their creation. Other programs are currently funded but recommended for termination in the Administration's 1996 budget proposal. In addition, two programs repealed in Title III have been proposed for rescission by the House and Senate Appropriations Committees in the 104th Congress.

Recognizing that this is a time of scarce taxpayer dollars, the Committee believes eliminating and consolidating small categorical programs will result in a more prudent and focused use of those scarce dollars. Funding should be directed to those programs which serve large numbers of students across the entire country. The Administration's budget for 1996 recognized the importance of reducing the number of small categorical programs which are often costly to administer while only benefiting a few students. The vast majority of currently funded programs which are included for repeal are taken directly from the Administration's 1996 budget.

H.R. 1720 eliminates the State Postsecondary Review Program created under Part H of Title IV of the Higher Education Act. Funding for this program was recommended for rescission by the House and Senate Appropriations Committees last month. The program was created under the 1992 Amendments to the Higher Education Act, at a time when Congress was particularly concerned with fraud and abuse in the student aid programs. Although this continues to be a concern, many of the program improvements contained in the 1992 Amendments and prior measures have helped

to reduce the incidences of fraud and abuse in the student aid programs. This fact, coupled with the burdensome requirements placed on all institutions, not just those suspected of fraudulent behavior, caused this Committee to reevaluate the need for this program. Upon review, this Committee determined that creating additional bureaucracy with taxpayer dollars was not the best means for accomplishing the goal of eliminating fraud and abuse.

TITLE IV—GENERAL PROVISIONS RELATING TO STUDENTASSISTANCE PROGRAMS

The Higher Education Amendments of 1992 included a new eligibility requirement for proprietary institutions. The provision, known as the "85/15 rule" requires a proprietary institution to have at least 15 percent of its revenue generated by sources that are not derived from funds provided under Title IV of the Higher Education Act.

The final regulations implementing this rule were published on April 29, 1994 to be enforced as of July 1, 1994 on the basis of the preceding fiscal year. During the last Congress, many Members of this Committee were troubled with the Department of Education's intent to enforce the rule in such a manner. As a result, the 1995 Labor, HHS and Education Appropriations Bill included a one year delay of the regulations published by the Department of Education implementing the 85/15 rule.

The provision contained in this legislation clarifies the intent of Congress that the Department of Education, when implementing the 85/15 rule, shall only consider an institution's financial information for a fiscal year which began on or after April 30, 1994. This date coincides with the publication date of the final regulations implementing the 85/15 rule and prevents any retroactive application of those regulations for purposes of determining an institution's eligibility for Title IV programs.

SUMMARY

The following is a summary of the legislation as approved by this Committee:

TITLE I—STUDENT LOAN MARKETING ASSOCIATION

In reporting H.R. 1720, the Committee on Economic and Educational Opportunities takes the unprecedented step of eliminating a successful public-private partnership that has out-lived the need for taxpayer support and turns it into a completely private venture. The Student Loan Marketing Association (Sallie Mae) and the College Construction Loan Insurance Association (Connie Lee), are examples of for-profit, stockholder owned Government Sponsored Enterprises (GSEs) which have successfully fulfilled their intended purposes. These two successful organizations present an excellent opportunity that will help pave the way for the privatization of other GSEs in the future.

Title I of the bill sets forth provisions for the privatization of Sallie Mae. It allows the Board of Directors to take the necessary actions to create an ordinary business corporation in the form of a Holding Company and requires the stockholders of the Association

to approve the reorganization plan. Such approval must occur within eighteen months of the date of enactment of this bill. The rights, obligations, restrictions, and purposes applicable to the Association under Section 439 of the Higher Education Act will continue until dissolution of the Association. The new Holding Company has none of the rights set forth in Section 439, except as specifically provided in the bill.

Title I requires the Association to provide information regarding the Association's finances, policies, and systems to the Department of the Treasury for purposes of monitoring safety and soundness. In addition, specific requirements for the maintenance of separate identities and operations with respect to the Association and the Holding Company are clearly described.

The dissolution of the Association is scheduled to occur on September 30, 2007. Dissolution may occur prior to that date only with the approval of the Secretary of Education. Title I also calls for the establishment of an irrevocable trust which will hold any remaining Association obligations for the benefit of the holders of the obligations. If the assets of the trust are insufficient to pay the obligations, the Holding Company shall transfer funds to the trust in the amount necessary to prevent any deficiency.

Title I establishes requirements for the operation of the Holding Company. It calls for the number and composition of the Board of Directors of the Holding Company to be determined in the Holding Company's charter. It also prohibits the Holding Company from using the name "Student Loan Marketing Association" or "Sallie Mae". It further requires the Holding Company or any subsidiary other than the Association, when offering securities or using the "Sallie Mae" name or mark, to state that the Holding Company or subsidiary is not a GSE and that its obligations are not guaranteed by the full faith and credit of the United States.

TITLE II—COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION

Title II sets forth specific requirements related to the privatization of Connie Lee. Upon enactment, Part D of Title VII of the Higher Education Act is repealed and Connie Lee is free to operate its affairs like any other private, for-profit business. Upon privatization, Connie Lee will be required to disclose that it is not a Government Sponsored Enterprise (GSE) and that its obligations are not guaranteed by the full faith and credit of the United States in all securities offerings and contracts for insurance, guarantee, or reinsurance of obligations for five years after date of enactment. Connie Lee is also required to amend its articles of incorporation. They must reflect as one of Connie Lee's purposes, to guarantee, insure and reinsure bonds, leases and other evidences of debt of educational institutions, including Historically Black Colleges and Universities, which are ranked in the lower investment grade categories.

Title II retains section 754 of the Higher Education Act until all the stock of the Secretary of Education has been sold, continuing the right of the Secretary of Education and the Secretary of the Treasury to appoint directors to the Corporation's board. It requires the Corporation to report to the Secretary of Education for two years after the sale of the stock with respect to financing ac-

tivities of the Corporation in financing education facilities projects. Title II establishes requirements with respect to the sale of the Department of Education owned stock and requires the Corporation to purchase the stock if the Treasury is unable to sell.

TITLE III—REPEALERS AND OTHER AMENDMENTS

Title III identifies programs to be repealed by this Act. The list includes programs which are unfunded, programs which have been recommended for termination by President Clinton in the 1996 budget and two additional programs recommended for termination by the House and Senate Appropriations Committees this Congress.

Section 301(a) repeals the following provisions of the Higher Education Act of 1965:

(1) Articulation Agreements—Part B of title I (20 U.S.C. 1011 et seq.)

(2) Access & Equity to Education for all Americans through Telecommunications—Part C of title I (20 U.S.C. 1015 et seq.)

(3) Academic Libraries and Information Services—Title II (20 U.S.C. 1021 et seq.)

(4) National Early Intervention Scholarships—Chapter 2 of subpart 2 of part A of title IV (20 U.S.C. 1070a–21 et seq.)

(5) Presidential Access Scholarships—Chapter 3 of subpart 2 of part A of title IV (20 U.S.C. 1070a–31 et seq.)

(6) Model Program Community Partnership & Counseling Grants—Chapter 4 of subpart 2 of part A of title IV (20 U.S.C. 1070a–41 et seq.)

(7) Early Awareness Information Program—Chapter 5 of subpart A of title IV (20 U.S.C. 1070a–52 et seq.)

(8) Technical Assistance for Teachers & Counselors—Chapter 8 of subpart 2 of part A of title IV (20 U.S.C. 1070a–81)

(9) Special Programs for Students whose Parents are Engaged in Migrant Seasonal Farm Work—Subpart 5 of part A of title IV (20 U.S.C. 1070d–2)

(10) Special Child Care Services for Disadvantaged College Students—Subpart 8 of part A of title IV (20 U.S.C. 1070f)

(11) Loan Forgiveness for teachers, individuals performing community service and nurses—Section 428J (20 U.S.C. 1078–10)

(12) Training in Financial Aid Services—Section 486 (20 U.S.C. 1093)

(13) State Postsecondary Review Entities—Subpart 1 of part H of title IV (20 U.S.C. 1099a et seq.)

(14) State & Local Programs for Teacher Excellence—Part A of title V (20 U.S.C. 1102 et seq.)

(15) National Teacher Academies—Part B of title V (20 U.S.C. 1103 et seq.)

(16) Douglas Teacher Scholarships—Subpart 1 of Part C of title V (20 U.S.C. 1104 et seq.)

(17) Teacher Corps—Subpart 3 of part C of title V (20 U.S.C. 1106 et seq.)

(18) Class Size Demonstration Grant—Subpart 3 of part D of title V (20 U.S.C. 1109 et seq.)

(19) Middle School Teaching Demonstration Programs—Subpart 4 of part D of title V (20 U.S.C. 1110 et seq.)

(20) New Teaching Careers—Subpart 1 of part E of title V (20 U.S.C. 1111 et seq.)

(21) National Mini Corps Programs—Subpart 1 of part F of title V (20 U.S.C. 1113 et seq.)

(22) Demonstration Grants for Critical Language/Area Studies—Section 586 (20 U.S.C. 1114)

(23) Development of Foreign Languages & Culture Instructions Materials—Section 587 (20 U.S.C. 1114a)

(24) Small State Teaching Initiative—Subpart 3 of part F of title V (20 U.S.C. 1115)

(25) Faculty Development Grants—Subpart 4 of part F of title V (20 U.S.C. 1116)

(26) Early Childhood Staff Training & Professional Enhancement—Subpart 5 of part F of title V (20 U.S.C. 1117)

(27) Intensive Summer Language Institutes—Section 605 (20 U.S.C. 1124a)

(28) Foreign Language Periodicals—Section 607 (20 U.S.C. 1125a)

(29) Improvement of Academic & Library Facilities—Part A of title VII (20 U.S.C. 11326 et seq.)

(30) Cooperative Education—Title VIII (20 U.S.C. 1133 et seq.)

(31) Women & Minority Participation in Graduate Education—Part A of title IX (20 U.S.C. 1134a et seq.)

(32) Harris Fellowships—Part B of title IX (20 U.S.C. 1134d et seq.)

(33) Javits Fellowships—Part C of title IX (20 U.S.C. 1134h et seq.)

(34) Faculty Development Fellowship Program—Part E of title IX (20 U.S.C. 1134r et seq.)

(35) Legal Training for the Disadvantaged—Part F of title IX (20 U.S.C. 1134s et seq.)

(36) Law School Clinical Programs—Part G of title IX (20 U.S.C. 1134u et seq.)

(37) FIPSE—Special Projects in Areas of National Need—Section 1011 (20 U.S.C. 1135a–11)

(38) Science & Engineering Access Programs—Subpart 2 of part B of title X (20 U.S.C. 1135c et seq.)

(39) Women & Minorities Science & Engineering Outreach Demonstration Programs—Part C of title X (20 U.S.C. 1135e et seq.)

(40) Eisenhower Leadership Program—Part D of title X (20 U.S.C. 1135f)

(41) Student Literacy & Mentoring Corps; Innovative Projects for Community Service; and Urban Community Service—Title XI (20 U.S.C. 1136 et seq.)

Section 301(b) repeals the following provisions of the Education Amendments of 1986:

(1) National Academy of Science Study—Part E of title XIII (20 U.S.C. 1221–1 note)

(2) Native Hawaiian Culture and Arts Development—Part B of title XV (20 U.S.C. 4441 et seq.)

Section 301(c) repeals the following provisions of the Education Amendments of 1992:

(1) American Indian Postsecondary Economic Development Scholarship—Part F of title XIII (20 U.S.C. 3351 et seq.)

(2) American Indian Teacher Training—Part G of title XIII (20 U.S.C. 3371)

(3) National Survey of Factors Associated with Participation—Section 1406 (20 U.S.C. 1221e–1 note)

(4) Study of Environmental Hazards in Institutions of Higher Education—Section 1409 (20 U.S.C. 1132a note)

(5) National Job Bank for Teacher Recruitment—Section 1412 (20 U.S.C. 1101 note)

(6) National Clearinghouse for Postsecondary Education Materials—Part B of title XV (20 U.S.C. 1452 note)

(7) School-Based Decisionmakers—Part C of title XV (20 U.S.C. 1101 note)

(8) Grants for Sexual Offenses Education—Part D of title XV (20 U.S.C. 1145h note)

(9) Olympic Scholarships—Part E of title XV (20 U.S.C. 1070 note)

(10) Advanced Placement Fee Payment Program—Part G of title XV (20 U.S.C. 1070a–11 note)

Section 301(d) makes the following technical and conforming amendments to the Higher Education Act of 1965:

(1) strikes subparagraph (E) of section 453(c)(2) and redesignates the remaining subparagraphs

(2) strikes subparagraph (B) of section 487(a)(3) and redesignates the remaining subparagraphs

(3) in section 487(a)(15) strikes the words "the Secretary of Veterans Affairs, and State review entities under Subpart 1 of part H" and inserts "and the Secretary of Veterans Affairs"

(4) in section 487(a)(21) strikes the words ", State Postsecondary review entities,"

(5) in section 487(c)(1)(A)(i) strikes the words "State Agencies, and the State review entities referred to in Subpart 1 of part H" and inserts the words "and State agencies"

(6) in section 487(c)(4) strikes the words ", after consultation with each State review entity designated under Subpart 1 of part H,"

(7) in section 487(c)(5) strikes the words "State review entities designated under Subpart 1 of part H,"

(8) in section 496(a)(7) strikes the words "and the appropriate State Postsecondary review entity"

(9) in section 496(a)(8) strikes the words "and the State Postsecondary review entity of the State in which the institution of higher education is located"

(10) in section 498(g)(2) strikes everything after the first sentence

(11) in section 498A(a)(2)(D) strikes the words "by the appropriate State Postsecondary review entity designated under Subpart 1 of this part or"

(12) in section 498A(a)(2) inserts "and" after the semicolon at the end of subparagraph (E); strikes subparagraph (F); and redesignates the remaining subparagraphs

(13) in section 498A(a)(3) inserts "and" after the semicolon at the end of subparagraph (C); by striking "; and" at the end of subparagraph (D) and inserting a period; and strikes subparagraph (E)

The effective date for this title is October 1, 1996.

TITLE IV—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

Title IV amends the Higher Education Act by requiring that, for the purposes of determining whether an institution meets the requirements of clause (6) of Section 481(b) (commonly referred to as the 85/15 rule), the Secretary of Education shall not consider the financial information of any institution for a fiscal year which began on or before April 30, 1994. The provision is effective beginning July 1, 1994.

COMMITTEE VIEWS

TITLE I—STUDENT LOAN MARKETING ASSOCIATION

Background

The Student Loan Marketing Association (Sallie Mae or the Association) was established in 1972 under a Federal charter authorized by Part B of Title IV of the Higher Education Act of 1965. At that time, there existed a tremendous need for a secondary market that would purchase student loans from primary lenders, thereby making the student loan program attractive to such lenders. By providing a secondary market such as Sallie Mae, Congress hoped to expand lender participation in the program. This approach has succeeded. Today there is ample funding for student loans and virtually every eligible student has access to student loans.

Under its Federal charter, Sallie Mae gained certain advantages, the most important one being the ability to raise large amounts of capital in a cost effective way. Investors were attracted to Sallie Mae as a result of its Government Sponsored Enterprise (GSE) status and Sallie Mae has enjoyed ready access to financing sources while operating at relatively low capital levels. People across this nation invested in this public-private partnership, knowing that their capital was being put to a publicly beneficial purpose—enhancing access to postsecondary education.

The Committee commends Sallie Mae for having served its purpose well. Since its creation, tens of millions of students have financed a postsecondary education using funds provided to the guaranteed loan program through Sallie Mae. In addition, Sallie Mae has eased the administrative burden associated with student loans by creating an efficient student loan servicing operation.

However, times have changed. The secondary market for student loans has become extremely competitive over the last twenty years. New financing alternatives such as student loan securitization have made it much easier for lenders to replenish student loan capital without the use of a secondary market. The combined effect of these changes leaves Sallie Mae with significantly limited opportunities for the financing activities for which its GSE attributes were designed. With the diminished need for a federally chartered sec-

ondary market and the lack of long-term business options available to Sallie Mae under its restrictive charter, the Committee believes that it is the right time to open the door to privatization.

Advantages of privatization

Allowing Sallie Mae to privatize has certain advantages for the Association. It frees it from a burdensome Federal charter which constrains its ability to react to a changing market place and it allows the Association to put its resources to use in other private ventures.

Allowing the privatization of Sallie Mae also shows an ability on the part of the government to recognize when its help is no longer needed in fulfilling a certain purpose. In the process, the amount of GSE debt that is viewed as having government support is reduced and an implicit liability is removed from the taxpayer.

In reporting H.R. 1720, the Committee is pleased to have played a role in truly reinventing government and relieving the marketplace of unneeded Federal intervention.

Provisions of privatization

By allowing Sallie Mae to privatize, the Committee recognizes the importance of ensuring the financial soundness of the Association, protecting student loan access by maintaining a lender of last resort role for the Association should it be necessary, and above all protecting the taxpayer from loss due to the transition. The Committee is pleased to note that this bipartisan initiative was undertaken with the assistance of the Department of the Treasury and the Department of Education to ensure these outcomes.

H.R. 1720 requires that the shareholders approve any plan to privatize within eighteen months of enactment of this legislation. This is essential because Sallie Mae is a stockholder-owned corporation. Those who have invested in this enterprise did so in good faith under a certain set of terms and conditions. It would be unwise and unfair to unilaterally change those terms and conditions without their consent.

With agreement from its shareholders, Sallie Mae will be allowed to reorganize as a State-chartered, separately capitalized company. The GSE will become a wholly owned subsidiary of the new Holding Company, albeit in a wind-down mode, for a number of years. Some assets, as well as personnel will be transferred from the GSE to the fully private new company. At the end of the wind-down period, the remaining debt obligations and assets sufficient to prevent any deficiency will be transferred to an irrevocable trust. Only after the retirement of the debt obligations are remaining assets transferred to the Holding Company.

The Committee notes that a number of provisions have been incorporated into H.R. 1720 to ensure the safety and soundness of the Association as well as the stability of the guaranteed loan program. For instance, it is required to keep separate all funds and assets of the Association and maintain physically separate corporate offices from the newly formed Holding Company or any of its subsidiaries. The Association's ability to issue new GSE debt is strictly limited, and the Association's reporting requirements to the Secretary of the Treasury have been strengthened. In addition,

after the reorganization date the Association will be limited in any new business activities, and will dissolve on September 30, 2007, unless needed as a lender of last resort.

Budget neutrality

The Committee is strongly committed to ensuring that no cost befall the taxpayer as a result of allowing Sallie Mae to become a private corporation. H.R. 1720 has been drafted to ensure that it is budget neutral. In addition, the Committee notes that H.R. 1720 provides for the exercise of 200,000 stock warrants by the Secretary of the Treasury should this prove advantageous in the future. The purpose of this provision is to ensure that the taxpayer will share in the success of a newly private Sallie Mae.

TITLE II—COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION

Background

As with the Student Loan Marketing Association, the College Construction Loan Insurance Association (Connie Lee or the Corporation) is an example of a very successful public-private partnership which has served its purpose. Connie Lee was authorized by Congress under Title VII of the Higher Education Amendments of 1986. At that time, the deterioration of physical infrastructure was a pressing problem for institutions of higher education, and low cost financing of improvements to facilities was an option only for institutions considered to be of the highest credit caliber. Connie Lee was chartered to underwrite the financing of facilities construction and improvement for the more mainstream institutions. For the government, the creation of Connie Lee provided the best solution to the problem; leveraging a significant amount of private capital while exposing the government to little liability.

Since that time, Connie Lee has insured or reinsured nearly $10 billion in principal and interest for academic facilities. However, as with Sallie Mae, Connie Lee's success in fulfilling its mission has created a situation where severing its relationship with the government is desirable for both parties.

Advantages of privatization

Connie Lee has never enjoyed the advantages accorded to most Government Sponsored Enterprises (GSEs). Connie Lee has no Federal line of credit. Connie Lee does not use federally backed debt to fund its operations, and it must pay State and local income taxes and Federal Exchange Commission filing fees. In fact, the Higher Education Act (Section 751 (b)) specifically prohibits Connie Lee from being "a Government Corporation" or "Government Controlled Corporation." Clearly, Connie Lee was meant to be a fully private company.

However, the Committee recognizes that the Department of Education's minority ownership of stock (14%) coupled with a government charter restricting Connie Lee's business activities does create the perception of implicit government protection for the Corporation. Therefore, the complete privatization of Connie Lee would benefit both the Corporation and the government.

For Connie Lee, privatization means the ability to determine its own destiny. Currently, its business activities are narrowly limited. Privatization would allow Connie Lee to use its expertise in facilities underwriting to help secure funding for elementary and secondary schools, higher education facilities which do not currently fall within its charter guidelines, and local municipal projects.

In return, the taxpayer is relieved of the perception of any implicit risk of loss should Connie Lee have financial difficulties. This shift in philosophy represents a clear departure from "business as usual" in Washington. It represents a willingness on the part of the government to recognize when a Federal presence is no longer needed, and it reduces the government's presence in the market place.

H.R. 1720 privatizes Connie Lee upon enactment and allows up to one year for the sale of stock owned by the Department of Education. Prior to the sale of the federally held stock, the Federal directors on Connie Lee's board would retain their positions. In this way, the taxpayer is assured the maximum return for the initial investment in Connie Lee, and the Corporation is not unnecessarily prevented from putting its resources to more productive uses.

In addition, the Corporation has agreed to amend its articles of incorporation to reflect that serving the needs of lower investment grade educational institutions shall be a purpose of the Corporation. The Corporation will furnish reports to the Secretary of Education on its efforts to assist in the financing of educational facilities including elementary, secondary, and postsecondary, for a period of two years after the Federal divestiture of stock.

TITLE III—REPEALERS AND OTHER AMENDMENTS

Title III of H.R. 1720 repeals 53 programs found in the Higher Education Act. Some of these programs have been consolidated within H.R. 1617, the CAREERS Act. Some programs are unfunded. Others have been recommended for elimination by President Clinton in the 1996 budget or by both the House and Senate Appropriations Committees in this Congress.

In repealing these programs, the Committee is setting priorities. Each and every one of these programs was enacted with the best of intentions. However, Federal resources are scarce. To bring the budget into balance, there must be a focus of Federal resources where they will do the most good to help the most people. Maintaining small categorical programs, many of which are unfunded, is not cost effective nor is it wise. Clearly, if Congress is serious about reducing the size of government, reducing duplication and waste and making efficient use of scarce taxpayer dollars, then we must eliminate or consolidate those programs that can be identified by both political parties as low priorities.

It should be noted that this legislation repeals the State Postsecondary Review Program authorized under the Higher Education Act of 1965 (Title IV, Part H, Subpart 1). The State Postsecondary Review Program was established to ensure a "gatekeeping" role at the State level for Title IV program integrity. Unfortunately, the State Postsecondary Review Entities (SPREs) that were established under this program proved to be tremendously burdensome to insti-

tutions of higher education. This was clearly an unintended consequence.

In addition, the Committee notes that default costs have been declining due to previously enacted integrity provisions, the most important one being the elimination of high default rate schools. According to Department of Education data, default costs have declined by approximately one billion dollars since the 1990 fiscal year when default costs reached $2.6 billion. In addition, more than 600 schools have lost eligibility as a result of this one provision, and another 270 may lose eligibility if they fail in their appeal to the Department of Education. This is particularly significant in light of the conclusion reached by the Senate Permanent Subcommittee on Investigations which in 1990 found that high default rates were both a warning sign of potential abuse and a common thread of actual abuse in problem schools. The Committee therefore finds it difficult to justify imposing the burdensome requirements of this program on every institution of higher education regardless of existing problems or the potential for problems.

The Committee is willing to recognize when actions it took with the best of intentions go awry, and correct its mistakes. The State Postsecondary Review Program is an example of this situation. Designed as a way to ensure integrity within Title IV without burdensome regulation at the Federal level, the SPRE program became a model of burdensome regulation at the State level as directed from the Federal level. H.R. 1720 corrects that mistake.

TITLE IV—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

Title IV clarifies that the Secretary of Education shall not implement the 85/15 rule with respect to eligibility for proprietary institutions under Title IV of the Higher Education Act of 1965 (Section 481(b)(6)) on a retroactive basis.

The 85/15 rule was enacted as a floor amendment to the Higher Education Amendments of 1992. This rule limits the eligibility of proprietary schools from participation in Title IV programs to those schools receiving at least 15 percent of their revenues from non-Title IV sources. The intent of this provision is simple and straightforward. For-profit, proprietary institutions of higher education must not be solely reliant on Federal Student Financial Assistance for income. The Committee remains concerned over the Department of Education's implementation of this regulation. While the rule itself is simple, the Department's interpretation of it is baffling. For instance, the Department's regulations fail to count revenues from sources such as contract training, provided to businesses willing to pay for it, toward the institution's non-Federal revenues. The intent of the 85/15 rule was to ensure that schools were providing training which was of great enough value that it would be sought after regardless of the availability of Federal funds. Clearly, this training is of value. In addition, the Department seems intent on implementing this regulation retroactively, at least for some proprietary schools.

The Committee views this as a simple fairness issue. Clearly, the Secretary must enforce the law. However, the Secretary should not hold institutions to standards which were not final prior to the be-

ginning of the fiscal year in question. Nor should the Secretary discount contract training funds from industry as a source of non-Federal revenue.

H.R. 1720 will prevent the retroactive application of these regulations. Unfortunately, the Committee was unable to include a correction of the Secretary's interpretation of non-Federal revenues. The Committee notes that the Secretary may begin enforcement of the 85/15 rule on July 1, 1995. However, the Committee is committed to correcting the interpretations noted above, and would urge a delay in implementation until either the Secretary or this Congress has an opportunity to make further necessary corrections.

SECTION-BY-SECTION

Section 1 contains the short title and notes that references to "the Act" are references to the Higher Education Act.

Section 2 contains the purpose of the bill.

TITLE I—STUDENT LOAN MARKETING ASSOCIATION

Section 101(a) sets forth the provisions for the privatization of the Student Loan Marketing Association by amending Section 439 of the Higher Education Act by adding a new section 440.

Section 440(a) provides for the first step in effecting the transition of Sallie Mae to a fully private, State-chartered institution. It requires Sallie Mae's current Board of Directors to develop a reorganization plan for the restructuring of the Association's ownership. Effectively, current shares in Sallie Mae would be converted into shares in a newly formed Holding Company chartered in a State or the District of Columbia.

Section 440(b) requires that the reorganization plan be approved by the holders of a majority of Sallie Mae's outstanding stock.

Section 440(c)(1) clarifies that, except as specifically modified by the provisions of section 440, the provisions of section 439 of the Higher Education Act continue to apply in full force and effect to the Association during its wind-down period following the reorganization of its ownership. The provision also clarifies that the Holding Company and its other subsidiaries shall not be entitled or subject to any of the rights, privileges, obligations or limitations applicable to the Association under section 439, except as specifically provided in section 440. Finally, this section clarifies that the Holding Company and its non-GSE subsidiaries shall not purchase federally-insured student loans until the Association ceases to purchase such loans, except for the Association's purchase of such loans as a lender-of-last-resort or under agreement with the Secretary of Education pursuant to section 440(c)(6).

Section 440(c)(2) specifies that, as soon as practicable after the reorganization, the Association would be required to use its best efforts to transfer to the Holding Company or its non-GSE subsidiaries all real and personal property, including intangibles held by the Association, except for property defined as "remaining property." Remaining property would include the financial, program-related assets and obligations of the Association, such as debt obligations, student loans, portfolio investments, letters of credit, outstanding swap agreements and forward purchase commitments.

This remaining property would initially remain in the GSE at the beginning of the wind-down. Such property could be transferred out of the GSE subsequently, so long as the GSE continued to maintain adequate capital to meet the requirements of section 439(r). Section 440(c)(3) specifies that at the time of the reorganization, the employees of the Association will become employees of the Holding Company or the other subsidiaries. This provision requires the Holding Company and the subsidiaries to provide management and operational support for the Association during the wind-down as requested by the Association. The Association is also specifically empowered to obtain management and operational support from persons other than the Holding Company and the subsidiaries.

Section 440(c)(4) clarifies that the Association may pay dividends in the form of cash or noncash distributions to the Holding Company, just as it may pay dividends to shareholders under current law. The payment of dividends would continue to be subject to the requirements of section 439(r) that the Association maintain a capital ratio greater than or equal to two percent or two and one quarter percent beginning January 1, 2001 or that it meet the capital ratio safe harbor requirements set forth in section 439(r)(11).

Section 440(c)(5) provides that for purposes of calculating compliance with the Association's capital requirements, any distribution of noncash assets by the Association to the Holding Company is to be valued at net book value as of the date the distribution was approved by the Association's Board of Directors.

Section 440(c)(6) limits the Association's ability to engage in new business activities or acquire new assets following the reorganization. Activities may be undertaken in connection with student loan purchases through September 30, 2003; in connection with contractual commitments for future warehousing advances, where such commitments are outstanding as of the date of the reorganization; or pursuant to a letter of credit or standby bond purchase agreement that is outstanding as of such date. Activities may also be undertaken in connection with the GSE's role as lender of last resort pursuant to section 439. Finally, activities may be undertaken pursuant to agreements entered into with the Secretary of Education if the Secretary requests the Association to continue or resume its secondary market purchase program after September 30, 2003. The Secretary may make such a request only after determining that there is inadequate liquidity for loans made under Part B of Title IV of the Higher Education Act. Any such agreement shall cover a period of 12 months, but may be renewed if the Secretary determines that liquidity remains inadequate. The provision provides that the offset fee provided under section 439(h)(7) shall not apply to loans acquired pursuant to any such agreement.

Section 440(c)(7) prohibits the Association from issuing new debt obligations that mature later than September 30, 2004, except in connection with fulfilling the Association's lender of last resort role or with purchasing loans under an agreement with the Secretary of Education described in the previous paragraph.

Section 440(c)(8) establishes new requirements to the safety and soundness requirements currently applicable to the Association under the Higher Education Act. The GSE is required to obtain such information and keep such records as the Secretary of the

Treasury may prescribe concerning any material financial risk to the Association which could reasonably result from the activities of the Holding Company or its non-GSE subsidiaries. The GSE must also keep records relating to the policies, procedures and systems used by the GSE to monitor and control such risk. In addition, requirements are imposed to ensure that a substantial degree of separation is maintained between the Association and its affiliates. In particular the following restrictions are provided for:

(i) the assets of the Association shall be maintained separately from those of the Holding Company and its other subsidiaries and may be used only in connection with the Association's purposes and obligations;

(ii) the Association's books and records shall clearly reflect the assets and liabilities of the Association, separate from the assets and liabilities of the Holding Company and its other subsidiaries;

(iii) the Association's corporate office shall be physically separate from all offices of the Holding Company and its other subsidiaries;

(iv) no director of the Association who is appointed by the President may serve as a director of the Holding Company;

(v) at least one of the Association's officers shall be an officer solely of the Association;

(vi) transactions between the Association and the Holding Company and its subsidiaries shall be on terms no less favorable than the Association would receive from a third party;

(vii) the Association shall not extend credit to the Holding Company or its subsidiaries or guarantee or provide credit enhancement for any debt of the Holding Company or the subsidiaries;

(viii) any amounts collected on behalf of the Association by the Holding Company or its other subsidiaries with respect to the assets of the Association are required to be immediately deposited to an account controlled solely by the Association.

Moreover, it is provided that under no circumstances shall the assets of the Association be available to pay claims or debts incurred by the Holding Company. It is further provided, however, that the above requirement shall not limit the right of the Association to pay dividends that are otherwise permissible and shall not limit any liability of the Holding Company that is explicitly provided for in Part B. Finally, it is provided that the Holding Company's activities shall be limited to the ownership of the Association and its other subsidiaries during the wind-down period, and that all business activities shall be conducted at the subsidiary level.

Section 440(c)(9) gives the Holding Company, as sole shareholder of Sallie Mae, the authority to choose the shareholder-elected members of the Association's Board of Directors.

Section 440(c)(10) requires the Holding Company to issue to the Secretary of the Treasury 200,000 stock warrants, each warrant entitling the holder to purchase a share of stock of the Holding Company at any time on or before September 30, 2007.

Section 440(c)(11) provides that after the reorganization, the Holding Company shall not sell, pledge, or otherwise transfer any outstanding shares of the Association, or cause the Association to

liquidate or file bankruptcy, without the approval of the Secretary of the Treasury and the Secretary of Education.

Section 440(d) limits the period for winding down the GSE activities of the Association to September 30, 2007. The Association may determine to cease its activities and dissolve prior to September 30, 2007, unless the Secretary of Education determines that the Association continues to be needed as a lender of last resort or continues to be needed to purchase loans in furtherance of an agreement under section 440(a)(6). At the end of the period all of the Association's outstanding debt obligations must be transferred to a trust that will satisfy all payment obligations on the remaining debt issues which will retain the attributes accorded them by the Association's statutory charter. The Association must deposit certain qualifying assets into the trust. The assets are to be transferred irrevocably, solely for the benefit of the holders of the Association's debt obligations, and in such amount as is determined by the Secretary of the Treasury to be sufficient to pay the principal and interest on the outstanding debt obligations according to their terms. To the extent that the Association cannot provide qualifying assets in the amount required, the Holding Company shall be required to transfer such assets in an amount necessary to prevent any deficiency. After the obligations are finally discharged, the trust will transfer any remaining assets to either the Holding Company or its subsidiaries as directed by the Holding Company. After funding the trust and prior to dissolution, the Association is also required to take whatever actions are necessary to discharge all other obligations of the Association, including the repurchase or redemption of the Association's preferred stock. Any such obligations that cannot be fully satisfied shall become liabilities of the Holding Company as of the date of dissolution. To the extent that any assets remain in the Association following the foregoing procedures, such assets shall be transferred to the Holding Company.

Section 440(e)(1) specifies that the number and composition of the Board of Directors of the Holding Company shall be as set forth in the Holding Company's charter or bylaws and as permissible under the laws of the jurisdiction of its incorporation.

Section 440(e)(2) specifically prohibits the use of the names "Student Loan Marketing Association" or "Sallie Mae" or variations thereof in the names of the Holding Company or any of its direct or indirect subsidiaries other than the Association.

Section 440(e)(3) specifically permits the Association to assign to the Holding Company or any of its other subsidiaries the name "Sallie Mae," to be used as a trademark or service mark.

Section 440(e)(4) requires certain disclosures to be made during the period commencing after the reorganization and ending three years after the dissolution of the Association, in connection with any use of the "Sallie Mae" name by the Holding Company or its subsidiaries other than the Association. The disclosures must be prominently displayed on all offering documents relating to securities offerings of the Holding Company and its subsidiaries other than the Association, and promotional and advertising materials.

Section 440(f) makes clear that, except as explicitly provided, the section is not intended to limit the authority of the Association to act as a federally chartered GSE or the authority of the Holding

Company to take any actions that are lawful for a State-chartered corporation.

Section 440(g) grants authority to the Attorney General, upon request of the Secretary of Education or the Secretary of the Treasury, to enforce the provisions of new Section 440, by action brought in the United States District Court for the District of Columbia.

Section 440(h) sets a deadline of 18 months after the effective date of the section for the occurrence of the reorganization pursuant to which Sallie Mae's outstanding common stock will be converted to common stock of the Holding Company. If the reorganization has not taken place by 18 months after the effective date of section 440, this subsection provides that the section shall be of no further force and effect.

Section 440(i) sets forth the defined terms used throughout section 440.

Section 101(b) sets forth technical amendments.

Section 101(b)(1) permits the Holding Company and any of its subsidiaries to be eligible lenders under the Higher Education Act for secondary market purposes.

Section 101(b)(2) supplements existing safety and soundness requirements applicable to the Association by amending Section 439(r) of the Higher Education Act to authorize the Attorney General, upon request of the Secretary of Education or the Secretary of the Treasury to enforce such requirements in an action before the United States District Court for the District of Columbia.

Section 101(b)(3) amends the safety and soundness requirements set forth in Section 439(r). First, the subsection supplements the reports provided by the Association in support of its safety and soundness requirements by requiring the Association to provide to the Secretary of the Treasury, within 45 days of the end of each calendar quarter, financial statements and quarterly reports setting forth the calculation of the Association's capital ratio. The subsection also amends the safety and soundness provisions relating to the Association's capital ratio by providing new capital requirements applicable to the Association after January 1, 2000, if the Association's shareholders have approved the reorganization. At such time, the Association will be required to maintain a capital ratio of 2.25 percent for any quarter. If the Association fails to maintain such ratio, the Secretary of the Treasury may take certain specified actions to limit increases in the Association's liabilities, restrict growth in the Association's assets (other than student loan purchases and warehousing advances), restrict capital distributions by the Association, require that the Association issue new capital sufficient to restore the capital ratio to the required 2.25 percent, and limit certain increases in the executive compensation paid by the Association. However, if the Association's capital ratio for any quarter falls below 2.25 percent, but is equal to or in excess of 2 percent, the Secretary must defer taking such actions until the next quarter and then may proceed with such actions only if the capital ratio remains below 2.25 percent. Further, the Association is deemed to be in compliance with its capital ratio requirements if it is rated by two nationally recognized statistical rating organizations, without regard to its status as a federally chartered corporation, in one of the two highest full rating categories.

Section 101(b)(4) provides that upon the dissolution of the Association and the creation of the trust pursuant to new section 440(d), both the Association's Federal charter and section 439, shall be repealed.

TITLE II—COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION

Section 201(a) provides for the repeal of the existing Part D of Title VII of the Higher Education Act which originally created the College Construction Loan Insurance Association.

Section 201(b)(1) provides that the Corporation is not an agency, instrumentality or establishment of the US Government, nor a government corporation or government controlled corporation. In addition, no action shall be allowable against the United States based on actions of the Corporation.

Section 201(b)(2) states that the Corporation may engage in any business or activities for which corporations may be organized under the laws of any State or the District of Columbia.

Section 201(c)(1) requires the Corporation to disclose that it is not a government sponsored enterprise and that its obligations are not guaranteed by the full faith and credit of the United States in all securities offerings and contracts for insurance, guarantee, or reinsurance of obligations for 5 years after date of enactment.

Section 201(c)(2) requires the Corporation to amend its charter to conform to this Act.

Section 201(c)(3) prohibits the Corporation from using the term "College Construction Loan Insurance Association" in its name.

Section 201(c)(4) requires the Corporation to amend its articles of incorporation to reflect as one of its purposes, to guarantee, insure and reinsure bonds, leases and other evidences of debt of educational institutions, including Historically Black Colleges and Universities which are ranked in the lower investment grade category.

Section 201(c)(5)(A) retains section 754 of the Higher Education Act to remain in effect until all the stock of the Secretary of Education has been sold. This continues the right of the Secretary of Education and the Secretary of Treasury to appoint directors to the Corporation's board.

Section 201(c)(5)(B) requires the Corporation to report to the Secretary of Education for two years after the sale of the stock with respect to financing activities of the Corporation in financing education facilities projects.

Section 201(d)(1) requires the Treasury upon the request of the Department of Education to make every effort to sell its stock not later than one year after enactment.

Section 201(d)(2) requires the Corporation to purchase the stock if the Treasury is unable to sell. The price is to be determined by the Secretary of the Treasury and acceptable to the Corporation based on independent appraisal by a nationally recognized financial firm.

Section 201(e) requires the Corporation to assist the Secretary of the Treasury and the Secretary of Education to facilitate the sale of the stock.

Section 201(f) defines the term "Corporation" to mean the Corporation established under the provision of law repealed by subsection (a).

TITLE III—REPEALERS AND OTHER AMENDMENTS

Section 301(a) repeals the following provisions of the Higher Education Act of 1965:

(1) Articulation Agreements—Part B of title I (20 U.S.C. 1011 et seq.)

(2) Access & Equity to Education for all Americans through Telecommunications—Part C of title I (20 U.S.C. 1015 et seq.)

(3) Academic Libraries and Information Services—Title II (20 U.S.C. 1021 et seq.)

(4) National Early Intervention Scholarships—Chapter 2 of subpart 2 of part A of title IV (20 U.S.C. 1070a–21 et seq.)

(5) Presidential Access Scholarships—Chapter 3 of subpart 2 of part A of title IV (20 U.S.C. 1070a–31 et seq.)

(6) Model Program Community Partnership & Counseling Grants—Chapter 4 of subpart 2 of part A of title IV (20 U.S.C. 1070a–41 et seq.)

(7) Early Awareness Information Program—Chapter 5 of subpart A of title IV (20 U.S.C. 1070a–52 et seq.)

(8) Technical Assistance for Teachers & Counselors—Chapter 8 of subpart 2 of part A of title IV (20 U.S.C. 1070a–81)

(9) Special Programs for Students whose Parents are Engaged in Migrant Seasonal Farm Work—Subpart 5 of part A of title IV (20 U.S.C. 1070d–2)

(10) Special Child Care Services for Disadvantaged College Students—Subpart 8 of part A of title IV (20 U.S.C. 1070f)

(11) Loan Forgiveness for teachers, individuals performing community service and nurses—Section 428J (20 U.S.C. 1078–10)

(12) Training in Financial Aid Services—Section 486 (20 U.S.C. 1093)

(13) State Postsecondary Review Entities—Subpart 1 of part H of title IV (20 U.S.C. 1099a et seq.)

(14) State & Local Programs for Teacher Excellence—Part A of title V (20 U.S.C. 1102 et seq.)

(15) National Teacher Academies—Part B of title V (20 U.S.C. 1103 et seq.)

(16) Douglas Teacher Scholarships—Subpart 1 of Part C of title V (20 U.S.C. 1104 et seq.)

(17) Teacher Corps—Subpart 3 of part C of title V (20 U.S.C. 1106 et seq.)

(18) Class Size Demonstration Grant—Subpart 3 of part D of title V (20 U.S.C. 1109 et seq.)

(19) Middle School Teaching Demonstration Programs—Subpart 4 of part D of title V (20 U.S.C. 1110 et seq.)

(20) New Teaching Careers—Subpart 1 of part E of title V (20 U.S.C. 1111 et seq.)

(21) National Mini Corps Programs—Subpart 1 of part F of title V (20 U.S.C. 1113 et seq.)

(22) Demonstration Grants for Critical Language/Area Studies—Section 586 (20 U.S.C. 1114)

(23) Development of Foreign Languages & Culture Instructions Materials—Section 587 (20 U.S.C. 1114a)

(24) Small State Teaching Initiative—Subpart 3 of part F of title V (20 U.S.C. 1115)

(25) Faculty Development Grants—Subpart 4 of part F of title V (20 U.S.C. 1116)

(26) Early Childhood Staff Training & Professional Enhancement—Subpart 5 of part F of title V (20 U.S.C. 1117)

(27) Intensive Summer Language Institutes—Section 605 (20 U.S.C. 1124a)

(28) Foreign Language Periodicals—Section 607 (20 U.S.C. 1125a)

(29) Improvement of Academic & Library Facilities—Part A of title VII (20 U.S.C. 11326 et seq.)

(30) Cooperative Education—Title VIII (20 U.S.C. 1133 et seq.)

(31) Women & Minority Participation in Graduate Education—Part A of title IX (20 U.S.C. 1134a et seq.)

(32) Harris Fellowships—Part B of title IX (20 U.S.C. 1134d et seq.)

(33) Javits Fellowships—Part C of title IX (20 U.S.C. 1134h et seq.)

(34) Faculty Development Fellowship Program—Part E of title IX (20 U.S.C. 1134r et seq.)

(35) Legal Training for the Disadvantaged—Part F of title IX (20 U.S.C. 1134s et seq.)

(36) Law School Clinical Programs—Part G of title IX (20 U.S.C. 1134u et seq.)

(37) FIPSE—Special Projects in Areas of National Need—Section 1011 (20 U.S.C. 1135a–11)

(38) Science & Engineering Access Programs—Subpart 2 of part B of title X (20 U.S.C. 1135c et seq.)

(39) Women & Minorities Science & Engineering Outreach Demonstration Programs—Part C of title X (20 U.S.C. 1135e et seq.)

(40) Eisenhower Leadership Program—Part D of title X (20 U.S.C. 1135f)

(41) Student Literacy & Mentoring Corps; Innovative Projects for Community Service; and Urban Community Service—Title XI (20 U.S.C. 1136 et seq.)

Section 301(b) repeals the following provisions of the Education Amendments of 1986:

(1) a National Academy of Science Study—Part E of title XIII (20 U.S.C. 1221–1 note)

(2) Native Hawaiian Culture and Arts Development—Part B of title XV (20 U.S.C. 4441 et seq.)

Section 301(c) repeals the following provisions of the Education Amendments of 1992:

(1) American Indian Postsecondary Economic Development Scholarship—Part F of title XIII (25 U.S.C. 3351 et seq.)

(2) American Indian Teacher Training—Part G of title XIII (25 U.S.C. 3371)

(3) National Survey of Factors Associated with Participation—Section 1406 (20 U.S.C. 1221e–1 note)

(4) Study of Environmental Hazards in Institutions of Higher Education—Section 1409 (20 U.S.C. 1132a note)

(5) National Job Bank for Teacher Recruitment—Section 1412 (20 U.S.C. 1101 note)

(6) National Clearinghouse for Postsecondary Education Materials—Part B of title XV (20 U.S.C. 1452 note)

(7) School-Based Decisionmakers—Part C of title XV (20 U.S.C. 1101 note)

(8) Grants for Sexual Offenses Education—Part D of title XV (20 U.S.C. 1145h note)

(9) Olympic Scholarships—Part E of title XV (20 U.S.C. 1070 note)

(10) Advanced Placement Fee Payment Program—Part G of title XV (20 U.S.C. 1070a–11 note)

Section 301(d) Makes the following technical and conforming amendments to the Higher Education Act of 1965:

(1) strikes subparagraph (E) of section 453(c)(2) and redesignates the remaining subparagraphs

(2) strikes subparagraph (B) of section 487(a)(3) and redesignates the remaining subparagraphs

(3) in section 487(a)(15) strikes the words "the Secretary of Veteran Affairs, and State review entities under Subpart 1 of part H" and inserts "and the Secretary of Veterans Affairs"

(4) in section 487 (a)(21) strikes the words ", State Postsecondary review entities,"

(5) in section 487 (c)(1)(A)(i) strikes the words "State Agencies, and the State review entities referred to in Subpart 1 of part H" and inserts the words "and State agencies"

(6) in section 487(c)(4) strikes the words ", after consultation with each State review entity designated under Subpart 1 of part H"

(7) in section 487(c)(5) strikes the words "State review entities designated under Subpart 1 of part H,"

(8) in section 496(a)(7) strikes the words "and the appropriate State Postsecondary review entity

(9) in section 496(a)(8) strikes the words "and the State Postsecondary review entity of the State in which the institution of higher education is located"

(10) in section 498(g)(2) strikes everything after the first sentence

(11) in section 498A(a)(2)(D) strikes the words "by the appropriate State Postsecondary review entity designated under Subpart 1 of this part or"

(12) in section 498A(a)(2) inserts "and" after the semicolon at the end of subparagraph (E); strikes subparagraph (F); and redesignates the remaining subparagraphs

(13) in section 498A(a)(3) inserts "and" after the semicolon at the end of subparagraph (C); by striking "; and" at the end of subparagraph (D) and inserting a period; and strikes subparagraph (E)

Section 302 sets an effective date of October 1, 1996, for this title.

TITLE IV—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

Section 401(a) amends the Higher Education Act by requiring that, for the purposes of determining whether an institution meets the requirements of clause (6) (commonly referred to as the 85/15 rule), the Secretary of Education shall not consider the financial information of any institution for a fiscal year which began on or before April 30, 1994.

Section 401(b) makes this provision effective beginning July 1, 1994.

OVERSIGHT FINDINGS OF THE COMMITTEE

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives 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.

Inflationary Impact Statement

In compliance with clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment into law of H.R. 1720 will have no significant inflationary impact on prices and costs in the operation of the national economy. It is the judgment of the Committee that the inflationary impact of this legislation as a component of the Federal budget is negligible.

GOVERNMENT REFORM AND OVERSIGHT

With respect to the requirement of clause 2(l)(3)(D) of rule XI 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 and Oversight on the subject of H.R. 1720.

COMMITTEE ESTIMATE

Clause 7 of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out H.R. 1720. However, clause 7(d) 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 403 of the Congressional Budget Act of 1974.

APPLICATION OF LAW TO 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 bill does not prohibit legislative branch employees from otherwise being eligible for services and activities authorized.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act requires a statement of whether the provisions of the re-

ported bill include unfunded mandates; the bill provides funds for administration of the programs authorized under this bill and as such does not contain any unfunded mandates.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirement of clause 2(l)(3)(B) of rule XI of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 2(l)(3)(C) of rule XI of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 1720 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 20, 1995.

Hon. WILLIAM F. GOODLING,
Chairman, Committee on Economic and Educational Opportunities, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has estimated the budgetary effect of H.R. 1720, the Privatization Act of 1995, as ordered reported by the Committee on Economic and Educational Opportunities on June 8, 1995.

Enactment of H.R. 1720 would affect direct spending. Therefore, pay-as-you-go procedures would apply to this bill.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 1720.

2. Bill title: The Privatization Act of 1995.

3. Bill status: As ordered reported by the House Committee on Economic and Educational Opportunities on June 8, 1995.

4. Bill purpose: H.R. 1720 would: (1) allow the stockholders of the Student Loan Marketing Association (Sallie Mae) to reorganize the company through the formation of a holding company while retaining through 2007 the current government-sponsored enterprise (GSE) as a subsidiary: (2) fully privatize the College Construction Loan Insurance Association (Connie Lee) by removing its GSE status and requiring the sale of the government's stock in the corporation; (3) change the timing for implementing the regulation governing the eligibility for participation in student aid programs of proprietary institutions of higher education; and (4) repeal the authorization for appropriations for many higher education programs.

5. Estimated cost to the Federal Government: Enactment of H.R. 1720 would affect direct spending, produce income from an asset sale, and reduce authorizations for spending subject to appropriations action. The following table summarizes the estimated budgetary impact of this bill. Authorization savings are shown on two

different bases—one assuming that ''such sums'' authorizations reflect adjustments for inflation, the other without such adjustments.

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000
Direct spending and offsetting receipts:					
Estimated outlays	0	.....	.....	.....	.....
Assset sale receipts:					
Estimated outlays	−7	.....	.....	.....	.....
Spending subject to appropriations action:					
Estimated outlays—assuming ''such sums'' adjusted for inflation	.....	−23	−123	−127	−27
Estimated outlays—assuming ''such sums'' not adjusted for inflation	.....	−21	−115	−115	−25

Direct spending: The changes to the government's student aid programs in H.R. 1720 would increase direct spending by $5 million in 1996. The following table summarizes the estimated budget authority and outlays for the programs under current law, the changes that would stem from the bill, and the projected budget authority and outlays if the bill were enacted.

PROJECTED DIRECT SPENDING UNDER H.R. 1720

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
Projected direct spending under current law:						
Estimated budget authority	5,778	3,847	3,014	2,866	3,150	3,438
Estimated outlays	5,237	3,733	3,029	2,589	2,752	3,050
Proposed Changes—Student aid program changes:						
Estimated budget authority	—	5	—	—	—	—
Estimated outlays	—	5	—	—	—	—
Direct Spending Under H.R. 1720:						
Estimated budget authority	5,778	3,852	3,014	2,866	3,150	3,438
Estimated outlays	5,237	3,738	3,029	2,589	2,752	3,050

Offsetting receipts: The changes to reorganize Sallie Mae and fully privatize Connie Lee would affect offsetting receipts, increasing them by $12 million in 1996. Of this amount, $7 million would be the proceeds of an assets sale and would not count for pay-as-you-go purposes. The following table summarizes the estimated impact of H.R. 172- on offsetting receipts

PROJECTED OFFSETTING RECEIPTS UNDER H.R. 1720

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
Asset sale receipts—Connie Lee Privatization:						
Estimated budget authority	—	−7	—	—	—	—
Estimated outlays	—	−7	—	—	—	—
Other offsetting receipts—Sallie Mae reorganization:						
Estimated budget authority	—	−5	—	—	—	—
Estimated outlays	—	−5	—	—	—	—

Authorizations of appropriations: The repeal of authorizations would affect discretionary spending. The following table summarizes the estimated budgetary impact of the bill with the discretionary authorizations adjusted for inflation where such sums as necessary are authorized. The total authorization of appropriations for higher education programs would be reduced by $303 million over the 1996–2000 period.

PROJECTED AUTHORIZATIONS OF APPROPRIATIONS UNDER H.R. 1720—INCLUDING INFLATION ADJUSTMENT FOR UNSPECIFIED AUTHORIZATIONS

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
Authorizations of appropriations under current law:						
Estimated authorization [1]	139	143	148	153	1	1
Estimated outlays	136	139	143	148	130	27
Proposed changes—Higher education programs:						
Estimated authorization	—	—	−148	−153	−1	−1
Estimated outlays	—	—	−23	−123	−127	−27
Authorizations of appropriations under H.R. 1720:						
Estimated authorization [1]	139	143	0	0	0	0
Estimated outlays	136	139	120	25	2	0

[1] The 1995 figure is the amount already appropriated.
Components may not sum to totals due to rounding.

Note: Authorizations of education programs assume a one-year extension as provided under the General Education Provisions Act (GEPA).

The following table shows authorizations of appropriations under H.R. 1720 without adjustments for inflation where such sums as necessary are authorized. When inflation is not considered, the total authorization programs would be reduced by $280 million over the 1996–2000 period.

PROJECTED AUTHORIZATIONS OF APPROPRIATIONS UNDER H.R. 1720—WITH NO INFLATION ADJUSTMENT FOR UNSPECIFIED AUTHORIZATIONS

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
Authorizations of appropriations under current law:						
Estimated authorization [1]	139	139	139	139	1	1
Estimated outlays	136	138	139	139	117	25
Proposed changes—higher education programs:						
Estimated authorization	—	—	−139	−139	−1	−1
Authorizations of appropriations under H.R. 1720:						
Estimated authorization [1]	139	139	0	0	0	0
Estimated outlays	136	138	117	24	2	0

[1] The 1995 figure is the amount already appropriated.
Components may not sum to totals due to rounding.

Note: Authorizations of education programs assume a one-year extension as provided under the General Education Provisions Act (GEPA).

The budgetary impact of this bill falls within budget function 500.

6. Basis of estimate: This estimate is based upon an assumed enactment date of October 1, 1995.

Direct spending

Sallie Mae

The Student Loan Marketing Association (Sallie Mae) is currently a government-sponsored enterprise (GSE) established by the Congress to develop a secondary market for federally guaranteed student loans. Although its stock is publicly traded, it operates under a rather narrowly drawn federal charter that requires it to focus on ensuring a secondary market in student loans.

H.R. 1720 would allow Sallie Mae to reorganize itself through the formation of a holding company that would retain the current GSE as a subsidiary. The GSE subsidiary is referred to in the legislation

as the "Association". Under this proposal, the residual GSE would cease to exist after 2007. Stockholders would have eighteen months after enactment of this legislation to approve the reorganization plan. This cost estimate reflects the assumption that Sallie Mae's stockholders would vote in favor of reorganizing the company, based on the fact that the current management of Sallie Mae favors the action.

The legislation would require the Association (the residual GSE) to remain subject to all the existing terms and conditions of the present organization. The Association would be given the authority to enter into purchase agreements for student loans through 2003 and to exist as a separate entity until 2007. As long as the Association remains a secondary market for student loans, the bill would prohibit the new private entity or entities from competing in that secondary market.

When the Association ceases to hold student loans, the costs of the federal government's student loan program would increase. Under current federal law governing Sallie Mae, the organization is required to pay the Secretary of Education an annual offset fee equal to 0.3 percent of the volume of (nonconsolidated) guaranteed student loans that Sallie Mae has purchased on or after August 10, 1993. This fee, calculated on a net present value basis over the life of each loan portfolio, has the effect of reducing the subsidy costs incurred by the government on guaranteed student loans. Over the 1996–2000 period, collection of this fee is expected to offset the program's costs by $290 million. These projections are based on the assumption that, under current law, Sallie Mae would continue to operate and maintain its current market share of guaranteed student loans, and that the volume of new guaranteed student loans would decline over the next several years as the direct loan program expands to the required 60 percent of total loan volume.

Under H.R. 1720, new guaranteed student loans made after 2000 are not expected to be purchased by the residual GSE. Therefore, over the 1995–2000 period, there would be no costs from the loss of the offset fee. However, beginning in 2001 or 2002, the government could expect to incur increased subsidy costs of between $65 million and $75 million annually because it would no longer be collecting this fee on new loans.

Student Aid Programs

H.R. 1720 would mandate that implementation of the "85 percent rule", which is to take effect July 1, 1995, be delayed for proprietary institutions of higher education whose fiscal year begins between January 1 and April 29. CBO estimates that this change would cost $5 million in 1996.

The "85 percent rule" requires that in order to be eligible to participate in Title IV federal student aid programs, a proprietary institution of higher education must obtain at least 15 percent of its instruction-based revenues from sources that are not derived from the federal student aid programs. These programs consist primarily of student loans and Pell grants. The rule, as currently written, requires the most recently completed fiscal year to be used in determining eligibility. For schools whose fiscal year is the calendar year, enforcement of the current regulation would be based on the

fiscal year beginning January 1994. For these schools, H.R. 1720 would delay implementation so that eligibility could be based on the fiscal year beginning January 1995. While the bill makes the change retroactive to the effective date of the current rule, the enactment date of H.R. 1720 is assumed to be October 1, 1995. Thus, it would not affect federal spending in fiscal year 1995.

Those schools that would, under current law, lose their eligibility to participate in Title IV programs on July 1, 1995, would, if they remain in business, be given a reprieve until their December 1995 financial statements are audited and reviewed. There is little information on how many schools, Pell grant recipients, or student loan borrowers would be affected by the original rule or the proposed delay, although about half of the schools are believed to have the calendar year as their fiscal year. This rule, and the proposed change to it, are most likely to affect small schools with relatively few students. CBO estimates that 10,000 students would be attending schools given a reprieve and would be eligible for student aid during this period, but would not be eligible under current law. Of course, many student would enroll in other proprietary schools if implementation of the regulation occurred as scheduled. The $5 million cost is the estimated federal subsidy cost associated with student loans and Pell grant awards for the academic year 1995–1996.

Offsetting receipts

Sallie Mae

Under provisions of H.R. 1720, Sallie Mae would be mandated to pay a $5 million fee in 1996 for the right to assign the name, Sallie Mae. This would increase offsetting receipts to the Treasury in 1996. In addition, the new holding company would be required to issue 200,000 stock warrants to the Secretary of Treasury. Each warrant would allow the holder to purchase one share of registered common stock at any time before September 30, 2007. This legislation does not require that the Secretary acquire or sell the stock. Therefore, no proceeds from a sale of these stock warrants is anticipated. In today's market, these stock warrants would be valued at about $2 million (about $10 per share).

Connie Lee

H.R. 1720 would repeal the law establishing the College Construction Loan Insurance Association (Connie Lee) and would mandate the Secretary of the Treasury to make every effort to sell the government's stock—which currently is not being publicly traded—within one year of enactment. Connie Lee is a GSE established in 1987 to provide loan guarantees for college construction projects. There are currently no on-budget federal costs for the GSE.

The government owns 1,914,800 shares of Connie Lee stock from its initial investment of $19.1 million in 1987. CBO estimates that the proceeds from the sale of the Connie Lee stock would be approximately $7 million. This estimate is based on an analysis that examined Connie Lee's return on equity and potential price-earnings ratio compared to those of other financial guarantee companies that are publicly traded, making adjustments for Connie Lee's

lower credit quality and the fact that its stock is not a liquid asset. The proceeds from this asset sale are not counted under pay-as-you-go scoring rules.

Authorizations of appropriations

H.R. 1720 would repeal over 50 higher education programs authorized under the Higher Education Act of 1965 as well as a few small programs authorized under other Acts. The attached Table 1 details the program repeals by title of the Higher Education Act. All but one of the programs repealed are authorized at such sums as may be necessary through 1998, which assumes a one-year extension as provided under the General Education Provisions Act (GEPA). The American Indian, Alaska Native, and Native Hawaiian Cultural Art Development program is permanently authorized. Many of the programs that are repealed are authorized but have not received an appropriation. The estimated authorization levels reflect the 1995 appropriation levels both with and without inflation adjustments. The estimated outlays reflect the current spending patterns of the programs.

The Department of the Treasury would incur costs of $150,000 to $200,000 in 1996 to cover the cost of the sale of the Connie Lee stock.

7. Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. Additional outlays are estimated to be zero because the increase in direct spending in the student aid programs is offset by fees paid to the Treasury for the right to use the name Sallie Mae. CBO estimates the pay-as-you-go effects of the bill as follows:

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998
Change in outlays	0	0	0	0
Change in receipts	(1)	(1)	(1)	(1)

[1] Not applicable.

8. Estimated cost to State and local governments: None.

9. Estimate comparison: None.

10. Previous CBO estimate: None.

11. Estimate prepared by: Deborah Kalcevic

12. Estimate approved by: Robert A. Sunshine for Paul N. Van de Water, Assistant Director for Budget Analysis.

TABLE 1.—PROJECTED SPENDING UNDER H.R. 1720—WITH NO INFLATION ADJUSTMENT FOR UNSPECIFIED AUTHORIZATIONS

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
AUTHORIZATIONS OF APPROPRIATIONS						
Current Law						
Estimated authorization	139	139	139	139	1	1
Estimated outlays	136	138	139	139	117	25

TABLE 1.—PROJECTED SPENDING UNDER H.R. 1720—WITH NO INFLATION ADJUSTMENT FOR UNSPECIFIED AUTHORIZATIONS—Continued

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
Proposed Changes						
Higher Education Act Programs: Title I: Partnerships for Education Excellence:						
Estimated authorization	.....	.....	0	0	0	0
Estimated outlays	.....	.....	0	0	0	0
Title II Academic Libraries and information Services:						
Estimated authorization	.....	.....	−11	−11	0	0
Estimated outlays	.....	.....	−5	−9	−7	−3
Title IV: Student Assistance:						
Estimated authorization	.....	.....	−34	−34	0	0
Estimated outlays	.....	.....	−6	−31	−28	−3
Title V: Educator Recruitment, Retention, and Development:						
Estimated authorization	.....	.....	−16	−16	0	0
Estimated outlays	.....	.....	−2	−13	−14	−3
Title VI: International Education Programs:						
Estimated authorization	.....	.....	0	0	0	0
Estimated outlays	.....	.....	0	0	0	0
Title VII: Construction, Reconstruction, and Renovation of Academic Facilities:						
Estimated authorization	.....	.....	0	0	0	0
Estimated outlays	.....	.....	0	0	0	0
Title VIII: Cooperative Education:						
Estimated authorization	.....	.....	−7	−7	0	0
Estimated outlays	.....	.....	−1	−6	−6	−1
Title IX: Graduate Programs:						
Estimated authorization	.....	.....	−50	−50	0	0
Estimated outlays	.....	.....	−6	−40	−43	−10
Title X: Postsecondary Improvement Programs:						
Estimated authorization	.....	.....	−4	−4	0	0
Estimated outlays	.....	.....	−0	−3	−3	−1
Title XI: Community Services Programs:						
Estimated authorization	.....	.....	−14	−14	0	0
Estimated outlays	.....	.....	−2	−12	−12	−3
Subtotal:						
Estimated authorization	.....	.....	−137	−137	0	0
Estimated outlays	.....	.....	−21	−113	−113	−24
Changes to Other Laws:						
Estimated authorization	.....	.....	−2	−2	−1	−1
Estimated outlays	.....	.....	−0	−2	−2	−1
Tatal, H.R. 1720:						
Estimated authorization	.....	.....	−139	−139	−1	−1
Estimated outlays	.....	.....	−21	−115	−115	−25
Projected Under H.R. 1720:						
Estimated authroization	139	139	0	0	0	0
Estimated outlays	136	138	117	24	2	0

Components may not sum to totals due to rounding.

Note: Authorizations of education programs assume a one—year extension as provided for under the general Education Provisions Act.

VOTES ON AMENDMENTS

The Committee defeated an amendment (15 ayes to 19 noes) offered by Mr. Owens to strike paragraph (35), relating to faculty development fellowship program, and redesignate the succeeding paragraphs accordingly.

The roll call vote is as follows:

AYES	NOES
Mr. Clay	Chairman Goodling
Mr. Miller	Mr. Petri
Mr. Kildee	Mrs. Roukema
Mr. Williams	Mr. Gunderson
Mr. Martinez	Mr. Ballenger
Mr. Owens	Mr. Barrett
Mr. Sawyer	Mr. Cunningham
Mrs. Mink	Mr. Hoekstra
Mr. Andrews	Mr. McKeon
Mr. Reed	Mr. Castle
Mr. Becerra	Mrs. Meyers
Mr. Scott	Mr. Talent
Ms. Woolsey	Mr. Greenwood
Mr. Romero-Barceló	Mr. Hutchinson
Mr. Reynolds	Mr. Knollenberg
	Mr. Weldon
	Mr. Funderburk
	Mr. Souder
	Mr. McIntosh

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 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

* * * * * * *

TITLE I—PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE

* * * * * * *

[PART B—ARTICULATION AGREEMENTS

[SEC. 121. FINDINGS AND PURPOSE.

[(a) FINDINGS.—The Congress finds that—

[(1) because more than one-half of all first-time first-year students attending postsecondary institutions attend community or junior colleges, and because almost one-half of minority students enrolled in higher education attend 2-year institutions, community and junior colleges represent a substantial and an important educational resource;

[(2) declining participation rates for low-income students and minorities at institutions of higher education is of growing concern to the higher education community and Congress; and

[(3) there is growing awareness of the need to assist low-income, minority and other nontraditional students in bridging the gap between 2-year to 4-year institutions, enabling such

students to reach their individual potential, as well as contribute to the larger society.

[(b) PURPOSE.—The purpose of this part is to improve the educational opportunities of this Nation's postsecondary students by creating comprehensive articulation agreements and planning between partnerships of 2-year and 4-year institutions of higher education.

[SEC. 122. AUTHORIZATION OF GRANTS.

[(a) ASSISTANCE FOR ARTICULATION PARTNERSHIPS.—From amounts appropriated for this part, the Secretary shall make grants to States to enable States to make awards, either on a competitive basis or on the basis of a formula determined by the State, to articulation partnerships between—

[(1) a qualified 2-year institution; and

[(2) a qualified 4-year institution.

[(b) QUALIFIED INSTITUTIONS.—For purposes of this part—

[(1) a qualified 2-year institution is an institution of higher education (as determined under section 481(a)) that is an eligible institution under section 435(a) and that—

[(A) is a nonprofit institution that offers a 2-year associate degree or a 2-year certificate program; or

[(B) is a proprietary institution that offers a 2-year associate degree program; and

[(2) a qualified 4-year institution is an institution of higher education (as determined under section 481(a)) that is an eligible institution under section 435(a) and that offers a baccalaureate degree program.

[(c) ALLOCATION AND STATE GRANTS.—

[(1) FORMULA ALLOCATION.—In any fiscal year for which the amount made available under section 129 to carry out the provisions of this part equals or exceeds $50,000,000, the Secretary shall allot an amount that bears the same ratio to the amount appropriated under section 129 for such fiscal year as the total amount received under title IV by students attending institutions of higher education in that State for such fiscal year bears to the total amount received under title IV by all students for such fiscal year, based on the most recent year for which such data are available.

[(2) COMPETITIVE GRANTS.—In any fiscal year for which the amount made available under section 129 to carry out the provisions of this part do not equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this part, to make grants to States to carry out articulation agreements under sections 124 and 125.

[SEC. 123. STATE APPLICATION.

[Each State that desires to receive a grant under this part shall submit an application to the Secretary in such form and containing or accompanied by such information as the Secretary may require. Such application shall—

[(1) after consultation with the State agencies responsible for supervision of community colleges, technical institutes, or other 2-year postsecondary institutions, designate a sole State agency as the State agency responsible for the administration

and supervision of activities carried out with assistance under this part;

[(2) describe how funds will be allocated in a manner consistent with section 124;

[(3) contain assurances that the State will comply with the requirements of this part;

[(4) provide for an annual submission of data concerning the use of funds and students served with assistance under this part; and

[(5) provide that the State will keep such records and provide such information to the Secretary as may be required for purposes of financial audits and program evaluation.

[SEC. 124. LOCAL APPLICATIONS.

[Any articulation partnership comprised of qualified institutions that desires to receive a grant from a State under this part shall submit an application to the State in such form and containing or accompanied by such information as the State may require and shall—

[(1) include in the articulation agreement—

[(A) assurances that academic credit earned at the qualified institution described in section 122(b)(1) will be transferable to the qualified institution or institutions as described in section 122(b)(2);

[(B) development of articulation agreement programs and services appropriate to the needs of the partnership participants;

[(C) activities that facilitate the development of programs and services appropriate to the needs of the students attending courses covered by the articulation agreement;

[(D) inservice training for faculty designed to implement effective articulation agreements;

[(E) counseling services; and

[(F) information concerning programs contained in the articulation agreement;

[(2) include assurances that the articulation partnership has the qualified personnel required—

[(A) to develop, administer, and implement the program required by this part; and

[(B) to provide special training necessary to prepare staff for the program; and

[(3) include a plan of operation for the program which includes a description of—

[(A) the program goals;

[(B) the uses of funds as required by paragraph (2);

[(C) the activities and services which will be provided under the program (including training and preparation of staff); and

[(D) the subject areas to be included in the articulation agreement.

[SEC. 125. ARTICULATION AGREEMENT.

[(a) LENGTH OF GRANT.—Each recipient of a grant from a State shall use the amounts provided under the grant to develop and operate articulation agreements for 6 years.

[(b) USE OF FUNDS.—Funds provided to an articulation partnership under this part may be used—

[(1) to perform any activity or program required by section 124;

[(2) as part of the program's planning activities, to acquire technical assistance from Federal, State, or local entities that have successfully designed, established, and operated articulation programs;

[(3) to provide workshops with students and teachers, counseling for students to continue their education to a bachelors degree, orientation visits at institutions participating in the partnerships;

[(4) to develop agreements with local educational agencies for vocational course equivalency approval procedures for purposes of satisfying entrance requirements to qualified institutions; and

[(5) to provide outreach to potential students.

[SEC. 126. STATE ADMINISTRATION.

[A State may reserve not more than 3 percent of the amounts available under this part for any fiscal year for State administrative costs including monitoring and technical assistance.

[SEC. 127. PRIORITY.

[The State shall give priority to grant applications for programs which—

[(1) encourage teacher education;

[(2) have, as one of the partners participating in an articulation agreement, an entity participating in an articulation agreement described in section 344(b)(1) of the Carl D. Perkins Vocational and Applied Technology Education Act;

[(3) contribute their own institutional resources;

[(4) are not subject to a default reduction agreement under section 428F;

[(5) encourage technology education; or

[(6) encourage articulation in subject areas of national importance as determined by the Secretary.

[SEC. 128. REPORTS.

[(a) STATE REPORTS.—Each State shall submit to the Secretary an annual report on the operation of the program under this part in such State during the preceding year. Such report shall include such information as the Secretary may require by regulation.

[(b) EVALUATION AND DISSEMINATION.—

[(1) EVALUATION.—The Secretary shall, on the basis of the reports submitted under subsection (a), evaluate all or a sample of the programs conducted under this part for the purposes of—

[(A) determining the success or failure of such programs in increasing access and entry of students from 2-year institutions to 4-year institutions; and

[(B) identifying the most successful programs under this part and the causes for such success.

[(2) DISSEMINATION.—The Secretary shall, not later than January 31, 1996, submit a report to the Congress on the results of the evaluation described in paragraph (1). The Secretary shall disseminate the findings made pursuant to subparagraph (B) through appropriate agencies and organizations.

[(3) RESERVATION.—The Secretary may reserve up to 3 percent of the amount appropriated under section 129 to carry out this subsection.

[SEC. 129. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part, $25,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART C—ACCESS AND EQUITY TO EDUCATION FOR ALL AMERICANS THROUGH TELECOMMUNICATIONS

[SEC. 131. PROGRAM ESTABLISHED; AUTHORIZATION OF APPROPRIATIONS; ELIGIBILITY.

[(a) GENERAL AUTHORITY.—The Secretary is authorized to make grants to eligible partnerships to enable such partnerships to pay the Federal share of the cost of the activities described in the application submitted pursuant to section 132.

[(b) AUTHORIZATIONS OF APPROPRIATIONS.—

[(1) IN GENERAL.—There are authorized to be appropriated to carry out this part $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(2) AVAILABILITY.—Funds appropriated pursuant to the authority of paragraph (1) shall remain available until expended.

[(c) ELIGIBLE PARTNERSHIP.—For the purpose of this part the term "eligible partnership' means a partnership which—

[(1) shall consist of—

[(A) a public broadcasting entity or a consortium thereof; and

[(B) an institution of higher education or a consortium thereof; and

[(2) may also include a State, a unit of local government, or a public or private nonprofit organization.

[(d) FEDERAL SHARE.—The Federal share shall be 50 percent.

[SEC. 132. APPLICATION.

[(a) IN GENERAL.—Each eligible partnership desiring to receive a grant under this part shall submit an application to the Secretary at such time, in such manner and containing or accompanied by such information as the Secretary may reasonably require.

[(b) CONTENTS.—Each application submitted pursuant to paragraph (1) shall—

[(1) describe the education telecommunications activities or services to be assisted;

[(2) describe the administrative and management structure supporting such activities or services;

[(3) provide assurances that the financial interests of the United States in the telecommunications equipment, software and other facilities shall be protected for the useful life of such equipment, software or facilities;

[(4) describe the manner in which nontraditional postsecondary education students will benefit from the activities and services supported;

[(5) describe the manner in which special services, including captioned films, television, descriptive video and education media for individuals with disabilities, shall be supported; and

[(6) provide assurances that the eligible partnership will provide the non-Federal share of assistance under this part.

[(c) APPROVAL OF APPLICATIONS.—

[(1) IN GENERAL.—The Secretary shall, in approving applications under this part, give priority to applications which describe programs that—

[(A) include support for services to make captioned films, descriptive video and educational media available to individuals with disabilities who otherwise lack access to such educational materials;

[(B) will provide, directly or indirectly, activities or services to a significant number of postsecondary institutions;

[(C) improve access to accredited telecommunications coursework for individuals with disabilities otherwise denied such access;

[(D) will be available in a multistate area;

[(E) include evidence of significant support for the program from the business community; or

[(F) provide matching funds, in an amount which exceeds the required non-Federal share.

[(2) EQUITABLE GEOGRAPHIC DISTRIBUTION OF ASSISTANCE.—In approving applications under this part the Secretary shall ensure the equitable geographic distribution of grants awarded under this part.

[SEC. 133. AUTHORIZED ACTIVITIES.

[Grants awarded under this part shall be used for one or more of the following activities:

[(1) The acquisition of site equipment to provide the technical ability to receive diverse education services at schools, campuses, and work site locations.

[(2) Satellite, fiber optic and other distribution systems, and for local broadcast or other local distribution capability.

[(3) Pre-service or in-service education and training for kindergarten through 12th grade teachers through interactive television conferencing.

[(4) Preparation of telecommunications programs and software that support national, regional or statewide efforts to provide teaching and learning materials not otherwise available for local use.

[(5) A loan service of captioned films, descriptive video and educational media in order to make such materials available, in accordance with regulations issued by the Secretary, in the

United States for nonprofit purposes to individuals with disabilities, parents of individuals with disabilities, and other individuals directly involved in activities for the advancement of individuals with disabilities, including addressing problems of illiteracy among individuals with disabilities.

[SEC. 134. DEFINITION.

[For the purpose of this part, the term "public broadcasting entity" has the same meaning given to such term by section 397(11) of the Communications Act of 1934.

[SEC. 135. REPORT.

[(a) IN GENERAL.—Each recipient of a grant under this part shall submit a report to the Secretary not later than 30 days after the conclusion of the grant period.

[(b) CONTENTS.—Each report described in subsection (a) shall include—

[(1) a description of activities and services assisted under this part;

[(2) a description of the population served by the program; and

[(3) an assessment of the ability of private sector entities participating in the eligible partnership to continue the support of the activities and services in the absence of Federal funding.

[(c) DISSEMINATION.—The Secretary shall select reports received under this subsection that are appropriate for dissemination to the education community and shall make such reports available through the National Diffusion Network.

[TITLE II—ACADEMIC LIBRARIES AND INFORMATION SERVICES

[SEC. 201. PURPOSE; AUTHORIZATION.

[(a) PURPOSE.—The Secretary shall carry out a program to assist—

[(1) college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part A;

[(2) in the education and training of persons in library and information science and to encourage research and development relating to improvement of libraries (including the promotion of economical and effective information delivery, cooperative efforts, and developmental projects) in accordance with part B;

[(3) the Nation's major research libraries, in maintaining and strengthening their collections, and in making information resources available to other libraries whose users have need for research materials in accordance with part C; and

[(4) historically black colleges and universities and other minority-serving institutions with programs in library and information sciences to train and educate African-Americans and other underrepresented racial, national origin, and ethnic minorities in such programs in accordance with part D.

[(b) AUTHORIZATION OF APPROPRIATIONS.—

[(1) PART A.—There are authorized to be appropriated to carry out part A $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(2) PART B.—There are authorized to be appropriated to carry out part B $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(3) PART C.—There are authorized to be appropriated to carry out part C $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(4) PART D.—There are authorized to be appropriated to carry out part D $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[SEC. 202. NOTIFICATION OF STATE AGENCY.

[Each institution of higher education which receives a grant under this title shall annually inform the State agency designated pursuant to section 1203 of its activities under this title.

[SEC. 203. LIBRARY EXPERTS.

[The Secretary shall make every effort to ensure that programs under this title are administered by appropriate library experts.

[PART A—COLLEGE LIBRARY TECHNOLOGY AND COOPERATION GRANTS

[SEC. 211. COLLEGE LIBRARY TECHNOLOGY AND COOPERATION GRANTS.

[(a) GRANTS AUTHORIZED.—The Secretary is authorized to make grants for technological equipment, networking, and other special purposes to—

[(1) institutions of higher education which demonstrate a need for special assistance for the planning, development, acquisition, maintenance, or upgrading of technological equipment necessary to organize, access or utilize material in electronic formats and to participate in networks for the accessing and sharing of library and information resources;

[(2) combinations of institutions of higher education which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment for the accessing and sharing of library and information resources;

[(3) other public and private nonprofit organizations which provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve the services provided by such organizations to institutions of higher education; and

[(4) institutions of higher education conducting research or demonstration projects that improve information services to meet special national or regional needs by utilizing technology

to enhance library or information services such as through the National Research and Education Network.

[(b) AWARDS REQUIREMENTS.—From funds appropriated for this part, the Secretary shall make competitive awards to institutions, combinations of institutions, or organizations in each of the categories described in paragraphs (1) through (4) of subsection (a).

[(c) AMOUNT.—

[(1) IN GENERAL.—The Secretary shall award grants under this section in an amount which is not less than $25,000.

[(2) SPECIAL RULE.—The Secretary shall award grants pursuant to paragraph (1) of subsection (a) in an amount which is not more than $50,000 for each institution of higher education.

[(d) PRIORITY.—In awarding grants pursuant to paragraph (1) of subsection (a), the Secretary shall give priority to institutions of higher education seeking assistance for projects which assist developing institutions of higher education in linking one or more institutions of higher education to resource sharing networks.

[(e) DURATION.—The Secretary shall award grants under this section for a period not to exceed 3 years.

[(f) APPLICATION.—

[(1) IN GENERAL.—Each institution of higher education or combination thereof desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

[(2) CONTENT.—Each application submitted pursuant to paragraph (1) shall—

[(A) describe the activities and services for which assistance is sought; and

[(B) contain assurances that the applicant will expend during the period for which the grant is sought (from funds other than funds received under this title), for the same purpose as such grant, an amount from such other sources equal to not less than one-third of such grant.

[(3) CRITERIA.—The Secretary shall prescribe by regulation criteria for the approval of applications submitted under this section.

[PART B—LIBRARY EDUCATION, RESEARCH, AND DEVELOPMENT

[SEC. 221. GRANTS AUTHORIZED.

[(a) GRANTS.—From the amounts appropriated for this part for any fiscal year, the Secretary shall make grants in accordance with sections 222 and 223.

[(b) RESERVATION.—Of the amount appropriated for this part for any fiscal year, the Secretary shall make available two-thirds of such amount for the purpose of section 222 and one-third of such amount for the purpose of section 223.

[SEC. 222. LIBRARY EDUCATION AND HUMAN RESOURCE DEVELOPMENT.

[(a) PURPOSE AND GRANT CRITERIA.—The Secretary is authorized to make grants to, and enter into contracts with, institutions of higher education and library organizations or agencies to assist such institutions, library organizations, or agencies in educating and training persons in library and information science, particularly in areas of critical needs, such as recruitment and retention of minorities. Such grants or contracts may be used by such institutions, library organizations, or agencies to—

[(1) assist in covering the cost of courses of study or staff development (including short term or regular session institutes),

[(2) establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows who demonstrate need and who are working toward a graduate degree (and their dependents), not in excess of such maximum amounts as may be determined by the Secretary, and

[(3) establish, develop, or expand programs of library and information science, including new techniques of information transfer and communication technology.

[(b) ADDITIONAL REQUIREMENTS.—Not less than 50 percent of the grants made under this section shall be for the purpose of establishing and maintaining fellowships or traineeships under subsection (a)(2).

[SEC. 223. RESEARCH AND DEMONSTRATION.

[The Secretary is authorized to make grants to, and enter into contracts with, institutions of higher education and other public and private agencies, institutions, and organizations for research and development projects related to the improvement of libraries, education in library and information science, the enhancement of library services through effective and efficient use of new technologies, and for the dissemination of information derived from such projects.

[SEC. 224. CONSULTATION REQUIREMENTS.

[The Secretary shall consult with the appropriate library and information science professional bodies in the determination of critical needs under section 222 and in the determination of priorities under section 223.

[PART C—IMPROVING ACCESS TO RESEARCH LIBRARY RESOURCES

[SEC. 231. RESEARCH LIBRARY RESOURCES.

[(a) GRANTS.—

[(1) GENERAL AUTHORITY.—From the amount appropriated for this part, the Secretary shall make grants to institutions with major research libraries.

[(2) MAJOR RESEARCH LIBRARY.—For the purposes of this part, the term "major research library" means a public or private nonprofit institution (including the library resources of an institution of higher education), an independent research li-

brary, or a State or other public library, having a library collection which is available to qualified users and which—

[(A) makes a significant contribution to higher education and research;

[(B) is broadly based and is recognized as having national or international significance for scholarly research;

[(C) is of a unique nature, and contains material not widely available; and

[(D) is in substantial demand by researchers and scholars not connected with that institution.

[(b) ELIGIBILITY.—In determining eligibility for assistance under this part, the Secretary shall permit institutions that do not otherwise qualify to provide additional information or documents to demonstrate the national or international significance for scholarly research of the particular collection described in the grant proposal.

[SEC. 232. GEOGRAPHICAL DISTRIBUTION OF GRANTS.

[In making grants under this part, the Secretary shall endeavor to achieve broad and equitable geographical distribution throughout the Nation.

[PART D—STRENGTHENING LIBRARY AND INFORMATION SCIENCE PROGRAMS AND LIBRARIES IN HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND OTHER MINORITY-SERVING INSTITUTIONS

[SEC. 241. STRENGTHENING LIBRARY AND INFORMATION SCIENCE PROGRAMS AND LIBRARIES IN HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND OTHER MINORITY-SERVING INSTITUTIONS.

[(a) ELIGIBLE INSTITUTIONS.—For the purposes of this section, the term "eligible institution" means—

[(1) an historically black college or university; or

[(2) an institution of higher education which—

[(A) serves a large number or high percentage of minority students; and

[(B) enrolls and graduates minority students in library and information science programs.

[(b) GENERAL AUTHORITY.—

[(1) AUTHORITY OF SECRETARY.—The Secretary is authorized to make grants to, and enter into contracts with—

[(A) eligible institutions to assist such institutions in strengthening their library and information science programs and library resources; and

[(B) eligible institutions, and library organizations or agencies which have nationally approved programs in library and information science, to assist such institutions and organizations in the education and training of African Americans and other underrepresented racial, national origin, and ethnic minorities, particularly in areas of critical needs of library and information science.

[(2) USE OF FUNDS.—Such grants or contracts may be used by such institutions, library organizations, or agencies to—

[(A) establish, develop, or strengthen libraries and library and information science programs, including new techniques of information transfer and communication technology;

[(B) assist in covering the cost of courses of study or staff development (including short-term or regular session institutes); and

[(C) establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows who demonstrate need and who are working toward a graduate degree (and their dependents), not in excess of such maximum amounts as may be determined by the Secretary.

[(c) TRAINEESHIPS.—Not less than 50 percent of the grants made under this section shall be for the purpose of establishing and maintaining fellowships or traineeships under subsection (a)(2).

[(d) FUNDING PROHIBITION.—Notwithstanding any other provision of law, no funds are authorized to be appropriated to carry out this part for any fiscal year unless the amount appropriated to carry out each of parts A, B, and C for such fiscal year equals or exceeds the amount appropriated for such parts, respectively, for fiscal year 1992.]

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TITLE IV—STUDENT ASSISTANCE

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

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Subpart 2—Federal Early Outreach and Student Services Programs

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[CHAPTER 2—NATIONAL EARLY INTERVENTION SCHOLARSHIP AND PARTNERSHIP PROGRAM

[SEC. 404A. EARLY INTERVENTION PROGRAM AUTHORIZED.

[The Secretary is authorized, in accordance with the requirements of this chapter, to establish a program that—

[(1) encourages States to provide or maintain a guarantee to eligible low-income students who obtain a high school diploma (or its equivalent), of the financial assistance necessary to permit them to attend an institution of higher education; and

[(2) provides incentives to States, in cooperation with local educational agencies, institutions of higher education, community organizations and business, to provide—

[(A) additional counseling, mentoring, academic support, outreach, and supportive services to elementary, middle,

and secondary school students who are at risk of dropping out of school; and

[(B) information to students and their parents about the advantages of obtaining a postsecondary education and their college financing options.

[SEC. 404B. STATE ELIGIBILITY AND STATE PLAN.

[(a) PLAN REQUIRED FOR ELIGIBILITY.—(1) In order for a State to qualify for a grant under this chapter, the State shall submit to the Secretary a plan for carrying out the program under this chapter. Such plan shall provide for the conduct, under the State program, of both a scholarship component in accordance with section 404D and an early intervention component in accordance with section 404C.

[(2) Each State plan submitted pursuant to paragraph (1) shall be in such form, contain or be accompanied by such information or assurances, and be submitted at such time as the Secretary may require by regulation and shall—

[(A) describe the activities for which assistance under this section is sought; and

[(B) provide such additional assurances as the Secretary determines necessary to ensure compliance with the requirements of this section.

[(b) MATCHING REQUIREMENT.—The Secretary shall not approve a plan submitted under subsection (a) unless such plan—

[(1) provides that the State will provide, from State, local, or private funds, not less than one-half the cost of the program;

[(2) specifies the methods by which such share of the costs will be paid; and

[(3) includes provisions designed to assure that funds provided under this chapter shall supplement and not supplant funds expended for existing State and local programs.

[(c) METHODS FOR COMPLYING WITH MATCHING REQUIREMENT.—A State may count toward the contribution required by subsection (b)(1)—

[(1) the amount of the grants paid to students from State, local, or private funds under this chapter;

[(2) the amount of tuition, fees, room or board waived or reduced for recipients of grants under this chapter; and

[(3) the amount expended on documented, targeted, long-term mentoring and counseling provided by volunteers or paid staff of nonschool organizations, including businesses, religious organizations, community groups, postsecondary educational institutions, nonprofit and philanthropic organizations, and other organizations.

[(d) PAYMENT REQUIREMENTS.—Upon submission by a State of such documents as the Secretary may, by regulation, require for demonstrating the total amount expended by the State in accordance with this chapter for a fiscal year, the Secretary shall, from such State's allotment under section 404E for such fiscal year, pay to such State an amount equal to not more than one-half of the total amount so expended.

[SEC. 404C. EARLY INTERVENTION.

[(a) IN GENERAL.—In order to receive payments under section 404B(d), a State shall demonstrate to the satisfaction of the Secretary that the State will provide comprehensive mentoring, counseling, outreach, and supportive services to students participating in programs under this chapter who are enrolled in preschool through grade 12. Such counseling shall include financial aid counseling that provides information on the opportunities for financial assistance under this title. The State shall demonstrate, pursuant to regulations of the Secretary, the methods by which the State will target services on priority students.

[(b) USES OF FUNDS.—

[(1) IN GENERAL.—The Secretary shall, by regulation, establish criteria for determining whether comprehensive mentoring, counseling, outreach, and supportive services programs may be used to meet the requirements of subsection (a).

[(2) ALLOWABLE PROVIDERS.—The activities required by subsection (a) may be provided by service providers such as community-based organizations, schools, institutions of higher education, public and private agencies, nonprofit and philanthropic organizations, businesses, institutions and agencies sponsoring programs authorized under subpart 4 of this part, and other organizations the Secretary deems appropriate.

[(3) PERMISSIBLE ACTIVITIES.—Examples of acceptable activities to meet the requirements of subsection (a) include the following:

[(A) Providing eligible students in preschool through grade 12 with a continuing system of mentoring and advising that—

[(i) is coordinated with the Federal and State community service initiatives; and

[(ii) may include such support services as after school and summer tutoring, assistance in obtaining summer jobs, career mentoring and academic counseling.

[(B) Requiring each student to enter into an agreement under which the student agrees to achieve certain academic milestones, such as completing a prescribed set of courses and maintaining satisfactory academic progress as described in section 484(c), in exchange for receiving tuition assistance for a period of time to be established by each State.

[(C) Activities designed to ensure high school completion and college enrollment of at-risk children, including identification of at-risk children, after school and summer tutoring, assistance in obtaining summer jobs, academic counseling, volunteer and parent involvement and former or current scholarship recipients as mentor or peer counselors, skills assessment, personal counseling, family counseling and home visits, and staff development, and programs and activities as described in this subparagraph which are specially designed for students of limited English proficiency.

[(D) Prefreshman summer programs that—

[(i) are at institutions of higher education that also have programs of academic year supportive services for disadvantaged students through projects authorized under section 402D or through comparable projects funded by the State or other sources;

[(ii) assure the participation of students who qualify as disadvantaged under the provisions of section 402D or who are eligible for comparable programs funded by the State;

[(iii)(I) provide summer instruction in remedial, developmental or supportive courses; (II) provide such summer services as counseling, tutoring, or orientation; and (III) provide grant aid to students to cover prefreshman summer costs for books, supplies, living costs and personal expenses; and

[(iv) assure that participating students will receive financial aid during each academic year they are enrolled at the participating institution after the prefreshman summer.

[(E) Requiring eligible students to meet other standards or requirements as the State determines necessary to meet the purposes of this section.

[(c) PRIORITY STUDENTS.—In administering the early intervention component, the State shall treat as priority students any student in preschool through grade 12 who is eligible—

[(1) to be counted under section 1005(c) of the Elementary and Secondary Education Act of 1965;

[(2) for free or reduced price meals pursuant to the National School Lunch Act; or

[(3) for assistance pursuant to part A of title IV of the Social Security Act (Aid to Families with Dependent Children).

[SEC. 404D. SCHOLARSHIP COMPONENT.

[(a) IN GENERAL.—In order to receive payments under section 404B(d), a State shall establish or maintain a financial assistance program that awards grants to students in accordance with the requirements of this section. The Secretary shall encourage the State to ensure that the tuition assistance provided pursuant to this section is available to an eligible student for use at any eligible institution.

[(b) GRANT AMOUNTS.—The maximum amount of the grant that an eligible student in any participating State shall be eligible to receive under this section shall be established by the State. The minimum amount of the grant for each fiscal year shall not be less than the lesser of—

[(1) 75 percent of the average cost of attendance for an in-State student, in a 4-year program of instruction, at public institutions of higher education in such State, as determined in accordance with regulations prescribed by the Secretary; or

[(2) the maximum grant funded under section 401 for such fiscal year.

[(c) RELATION TO OTHER ASSISTANCE.—Tuition assistance provided under this chapter shall not be considered for the purpose of awarding Federal grant 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 such student's total cost of attendance.

[(d) ELIGIBLE STUDENTS.—A student eligible for assistance under this chapter is a student who—

[(1) is less than 22 years old at time of first grant award;

[(2) receives a high school diploma or a certificate of high school equivalence on or after January 1, 1993;

[(3) is enrolled or accepted for enrollment in a program of undergraduate instruction at an institution of higher education that is located within the State's boundaries; except that, as a State option, a State may offer grant program portability for recipients who attend institutions of higher education outside such State; and

[(4) who participated in the State early intervention component required under section 404C.

[(e) PRIORITY; WAIVER.—(1) The Secretary shall ensure that each State place a priority on awarding scholarships to students who will receive a Pell Grant for the academic year for which the award is being made under this chapter.

[(2) A State may consider students who have successfully participated in programs funded under chapter 1 of this subpart to have met the requirements of subsection (d)(4).

[SEC. 404E. DISTRIBUTION OF FUNDS.

[(a) COMPETITIVE AWARDS.—If the amount appropriated to carry out this chapter for a fiscal year is less than $50,000,000, then the Secretary shall award grants under this chapter on a competitive basis to States to carry out a program described in section 404A.

[(b) ALLOTMENT BASED ON TITLE I ESEA ALLOCATIONS.—If the amount appropriated to carry out this chapter for a fiscal year is $50,000,000 or more, then the Secretary shall allot to each State an amount which bears the same ratio to such sums as—

[(1) the amount allocated under section 1005 of the Elementary and Secondary Education Act of 1965 to the local education agencies in the State,

bears to—

[(2) the total amount allocated under such section to all such agencies in all States.

[(c) LIMIT ON USE.—No State may use less than 25 percent or more than 50 percent of its allotment for the early intervention component of the State program, except that the Secretary may waive the 50 percent limitation if the State demonstrates that the State has another means of providing the student's financial assistance that is described in the State plan.

[(d) REALLOTMENT.—The amount of any State's allotment under subsection (b) for any fiscal year which the Secretary determines will not be required for such fiscal year for the program of that State shall be available for reallotment from time to time, on such dates during such year as the Secretary may fix, to other States in proportion to the original allotments to such States for such year, but with such proportionate amount for any of such States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use for such year for carrying out such programs. The total of such reductions shall be similarly reallotted among the States whose proportionate amounts

were not so reduced. A State shall match, in accordance with section 404B(b) any reallocated funds it receives under this subsection.

[(e) ALLOTMENT SUBJECT TO CONTINUING COMPLIANCE.—The Secretary shall make payments for programs only to States which continue to meet the requirements of the State plan pursuant to section 404B.

[SEC. 404F. EVALUATION AND REPORT.

[(a) EVALUATION.—Each State receiving an allotment under this chapter shall biennially evaluate the early intervention program assisted under this chapter in accordance with the standards described in subsection (b) and shall submit to the Secretary a copy of such evaluation. The evaluation component shall permit service providers to track eligible student progress during the period such students are participating in the program assisted under this section and must be consistent with the standards developed by the Secretary pursuant to subsection (b).

[(b) EVALUATION STANDARDS.—The Secretary shall prescribe standards for the evaluation described in subsection (a). Such standards shall—

[(1) provide for input from States and service providers; and

[(2) ensure that data protocols and procedures are consistent and uniform.

[(c) REPORT.—The Secretary shall biennially report to the Congress on the activities assisted under this chapter and the evaluations conducted pursuant to subsection (a).

[SEC. 404G. APPROPRIATIONS.

[There is authorized to be appropriated to make grants under this chapter $200,000,000 for fiscal year 1993 and such sums as may be necessary for each of the four succeeding fiscal years.

[CHAPTER 3—PRESIDENTIAL ACCESS SCHOLARSHIPS

[SEC. 406A. SCHOLARSHIPS AUTHORIZED.

[The Secretary is authorized in accordance with this chapter to award Presidential Access Scholarships to students who—

[(1) are eligible to receive a Pell Grant for the year in which the scholarship is awarded;

[(2) have participated in a preparatory program for postsecondary education; and

[(3) demonstrate academic achievement.

[SEC. 406B. SCHOLARSHIP PROGRAM REQUIREMENTS.

[(a) AMOUNT OF AWARD.—

[(1) IN GENERAL.—Except as provided in paragraph (2), the amount of a scholarship awarded under this chapter for any academic year shall be equal to 25 percent of the Pell Grant that the recipient is awarded for that year or $400, whichever is greater.

[(2) ADJUSTMENT FOR INSUFFICIENT APPROPRIATIONS.—If, after the Secretary determines the total number of eligible applicants for an academic year in accordance with section 406C,

funds available in a fiscal year are insufficient to fully fund all awards for that academic year under this chapter, the amount paid to each student shall be reduced proportionately.

[(b) PERIOD OF AWARD.—Scholarships under this chapter shall be awarded for a period of not more than four academic years, or in the case of a student who is enrolled in an undergraduate course of study that requires attendance for the full-time equivalent of five academic years, five academic years.

[(c) USE AT ANY INSTITUTION PERMITTED.—An eligible student awarded a scholarship under this chapter may use such scholarship stipend to attend any institution of higher education.

[(d) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—A scholarship awarded under this chapter to any student, in combination with the Pell Grant and other student financial assistance available to such student, may not exceed the student's cost of attendance (as defined in section 472).

[(e) PRESIDENTIAL ACCESS SCHOLARS.—Students awarded scholarships under this chapter shall be known as "Presidential Access Scholars".

[SEC. 406C. ELIGIBILITY OF SCHOLARS.

[(a) REQUIREMENTS FOR STUDENTS IN FIRST YEAR OF POSTSECONDARY EDUCATION.—In order for a student who will be attending the student's first year of postsecondary education to be eligible to receive a scholarship under this chapter for that academic year, the student shall—

[(1) be enrolled or accepted for enrollment in a degree or certificate program of at least 2 years in length;

[(2) have demonstrated academic achievement and preparation for postsecondary education by taking college preparatory level coursework in the following areas while in secondary school or the equivalent:

[(A) 4 years of English;

[(B) 3 years of science;

[(C) 3 years of mathematics;

[(D) either—

[(i) 3 years of history; or

[(ii) 2 years of history and 1 year of social studies; and

[(E) either—

[(i) 2 years of a foreign language; or

[(ii) 1 year of computer science and 1 year of a foreign language.

[(3) earn a grade point average of 2.5 or higher, on a scale of 4.0, in the final 2 years of high school; and

[(4) either—

[(A) have participated, for a minimum period of 36 months, in an early intervention program that meets the requirements of section 406D; or

[(B) rank, or have ranked, in the top 10 percent, by grade point average, of the student's secondary school graduating class.

[(b) REQUIREMENTS FOR ALL STUDENTS.—

[(1) Each eligible student desiring a scholarship under this chapter shall submit an application to the Secretary at such

time, in such manner, and containing such information as the Secretary may reasonably require.

[(2) In order for a student who will be attending a year of postsecondary education, other than the student's first year, to continue to be eligible to receive a scholarship under this chapter for that academic year the eligible student shall maintain eligibility to receive a Pell Grant, including fulfilling the requirements for satisfactory academic progress as described in section 484(c).

[SEC. 406D. ELIGIBLE EARLY INTERVENTION PROGRAMS.

[(a) PARTICIPATION IN TRIO PROGRAMS AND NATIONAL EARLY INTERVENTION SCHOLARSHIP AND PARTNERSHIP PROGRAMS.—Participation in a program authorized under section 402B, 402C, or 402F, or chapter 2 of subpart 2 of this part for a 36-month period shall meet the requirement of section 406C(a)(4)(A).

[(b) OTHER ELIGIBLE EARLY INTERVENTION PROGRAM.—Participation in another early intervention program, regardless of sponsorship, for a 36-month period, shall meet the requirements of section 406C(a)(4)(A) if the program—

[(1) meets the requirements established by the Secretary; and

[(2) is certified by the Governor as an honors scholars program.

[SEC. 406E. STUDENT ELIGIBILITY.

[(a) STUDENT ELIGIBILITY.—For the purpose of this chapter, the term "eligible student" means an individual who—

[(1) is a graduate of a public or private secondary school or has the equivalent certificate of graduation as recognized by the State in which the eligible student resides;

[(2) not later than 3 years after such individual graduates or obtains an equivalent certificate, has been admitted for enrollment or is enrolled at an institution of higher education; and

[(3) is eligible to receive a Pell Grant for the year in which the scholarship is awarded.

[(b) LIMITATION.—For the purpose of this chapter, the term "eligible student" does not include an individual who has been awarded a baccalaureate degree.

[(c) WAIVERS.—

[(1) EARLY INTERVENTION PROGRAM PARTICIPATION.—The Secretary may waive the requirement described in section 406C(a)(4) for any student who was unable to participate in an early intervention program assisted under this part because such program was not available in the area in which such student resides or the student was unable to participate in an early intervention program where the student resides.

[(2) LIMITED-ENGLISH PROFICIENT STUDENTS.—The Secretary may waive the requirement described in section 406C(a)(2)(E) for any limited-English proficient student who is fluent in a language other than English and is participating in a program to teach such student the English language or for any English speaking student fluent in a second language.

[SEC. 406F. EARLY INTERVENTION SCHOLARSHIP AGREEMENT.

[(a) IN GENERAL.—In order for a student to receive a scholarship under this chapter, the State educational agency serving the State in which such child resides shall have entered into an agreement with the Secretary.

[(b) CONTENTS.—Each agreement described in subsection (a) shall include provisions designed to ensure that—

[(1) all secondary school students in the State have equal and easy access to the coursework described in section 406C(a)(2);

[(2) the State educational agency has procedures in place to verify to the Secretary that students receiving scholarships under this chapter have taken such coursework and that such coursework has been of a college preparatory level, including a requirement that all secondary schools in the State issue a certificate to each eligible student certifying that such student has completed the necessary coursework to qualify for a scholarship under this chapter;

[(3) the State educational agency has procedures in place to notify institutions of higher education of the availability of scholarships under this chapter, so that such institutions may award additional scholarships in concert with the scholarships received under this chapter; and

[(4) the State educational agency has procedures in place to inform junior high school students and their families about the value of postsecondary education, the availability of student aid to meet college expenses, and the availability of scholarships under this chapter for students who take demanding courses, with particular emphasis on activities designed to ensure that students from low- and moderate-income families have access to such information.

[(c) SPECIAL RULE.—The Secretary may allow a State to receive assistance under this chapter for students whose secondary schools do not offer the necessary coursework if such students take the required courses at another local secondary school or community college.

[SEC. 406G. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $200,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this chapter. No amount may be expended to carry out the provisions of this chapter in any fiscal year unless the amount appropriated for such fiscal year to carry out subpart 1 of part A of this title exceeds the amount appropriated to carry out such subpart in the preceding fiscal year.

[CHAPTER 4—MODEL PROGRAM COMMUNITY PARTNERSHIP AND COUNSELING GRANTS

[SEC. 408A. MODEL PROGRAM GRANTS.

[(a) PROGRAM AUTHORITY.—From the amounts appropriated under section 408C, the Secretary shall award grants to develop model programs—

[(1) to counsel students, at an early age, about college opportunities, precollege requirements, the college admissions procedure, financial aid opportunities, and student support services that are specially designed or customized for use in specific geographic, social, and cultural environments; or

[(2) which stimulate community partnerships with schools by providing tutoring, mentoring, work experiences, and other services which support making postsecondary education a realistic goal for all students.

[(b) PRIORITIES IN SELECTION.—The Secretary shall give priority to those model programs which are directed at areas which have a high proportion of minority, limited English proficiency, economically disadvantaged, disabled, nontraditional, or at-risk students and those model programs which serve these students from rural or urban environments.

[(c) PROPOSAL REQUIREMENTS.—

[(1) TAILORING.—To receive a grant under subsection (a)(1), the proposal submitted to the Secretary shall demonstrate that the counseling on college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities (including early intervention counseling), is tailored to a specific geographic, social or cultural environment.

[(2) COMMUNITY PARTNERSHIPS.—To receive a grant under subsection (a)(2), the proposal submitted to the Secretary shall demonstrate the active involvement of a local educational agency and at least one of the following:

[(A) Local businesses.

[(B) Labor organizations.

[(C) Community groups.

[(3) GOALS AND OUTCOMES.—To receive a grant under this section, each proposal shall contain a statement of specific, measurable goals and methods for obtaining statistics on the number of participants who continue on to postsecondary education.

[SEC. 408B. DIFFUSION ACTIVITIES.

[(a) COLLECTION OF INFORMATION.—The Secretary shall collect information concerning—

[(1) programs supported under section 408A and programs of demonstrated effectiveness which counsel students about college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities;

[(2) early intervention programs of demonstrated effectiveness which set students on the path toward staying in school and pursuing a postsecondary education;

[(3) model programs which counsel students in specific environments, such as urban, rural, and suburban; and

[(4) model programs which develop school/community partnerships to provide mentoring, tutoring, work experiences and other services which support making postsecondary education a realistic goal for all students.

[(b) DISSEMINATION.—The Secretary shall ensure that the information collected under subsection (a) is disseminated.

[SEC. 408C. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $35,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this chapter.

[CHAPTER 5—PUBLIC INFORMATION

[SEC. 409A. DATABASE AND INFORMATION LINE.

[From the funds available under section 409C, the Secretary shall award a contract to establish and maintain—

[(1) a computerized database of all public and private student financial assistance programs, to be accessible to schools and libraries through either modems or toll-free telephone lines; and

[(2) a toll-free information line, including access by telecommunications devices for the deaf ("TDD's"), to provide individualized financial assistance information to parents, students, and other individuals, including individuals with disabilities, and to refer students with disabilities and their families to the postsecondary clearinghouse that is authorized under section 633(c) of the Individuals with Disabilities Education Act.

[SEC. 409B. EARLY AWARENESS INFORMATION PROGRAM.

[(a) PROGRAM AUTHORITY.—The Secretary is authorized to enter into contracts with appropriate public agencies, nonprofit private organizations, and institutions of higher education to conduct an information program designed—

[(1) to broaden the early awareness of postsecondary educational opportunities by secondary school students and their parents; and

[(2) to encourage economically disadvantaged, minority, or at-risk individuals to seek higher education, and to seek higher education and financial assistance counseling at public schools and libraries.

[(b) CONTENTS OF MESSAGES.—Announcements and messages supported under this section—

[(1) may be specially designed for students of limited English proficiency,

[(2) shall publicize—

[(A) the availability of Federal student assistance under this Act;

[(B) the importance of postsecondary education in long-term career planning; and

[(C) the need and necessity to complete a secondary education program successfully in order to meet the requirements for college.

[(c) INFORMING CONGRESS.—The Secretary shall keep the appropriate committees of the Congress informed with respect to the efforts made pursuant to this section and shall recommend any additional legislative authority that will serve the purposes of this section.

[SEC. 409C. DATABASE AND INFORMATION LINE.

[There are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this chapter.]

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[CHAPTER 8—TECHNICAL ASSISTANCE FOR TEACHERS AND COUNSELORS

[SEC. 410C. TECHNICAL ASSISTANCE GRANTS.

[(a) PROGRAM AUTHORITY.—From the amounts appropriated under subsection (f), the Secretary shall award grants to local educational agencies to use for the purpose of obtaining specialized training for guidance counselors, teachers, and principals to counsel students about college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities.

[(b) SELECTION OF GRANT RECIPIENTS.—

[(1) PRIORITY.—In making grants under this section, the Secretary shall give priority to those local educational agencies serving school districts (A) from which the proportion of students who continue on to higher education is significantly below the national average, and (B) in which the proportion of students who are educationally disadvantaged is significantly above the national average.

[(2) SELECTION PROCEDURES.—The Secretary shall develop a formal procedure for the submission of proposals and publish in the Federal Register an announcement with respect to that procedure and the availability of funds.

[(c) LOCAL PLAN.—To receive a grant under this section, a local educational agency shall submit to the Secretary a plan that—

[(1) specifies the methods to be used for outreach, implementation, and follow-up with those students most in need and at-risk for dropping out or failing to pursue postsecondary education;

[(2) demonstrates the methods by which the agency will target funds to those schools within the district that have the lowest rate of students who continue on to higher education;

[(3) utilizes early intervention programs for counseling minority, economically disadvantaged, disabled, and at-risk students about postsecondary education;

[(4) includes a strategy for keeping the guidance counselors, teachers (including elementary, secondary, vocational, and special education teachers), and principals who have been trained up-to-date on financial aid information;

[(5) contains a statement of specific goals and methods for obtaining statistics on the number of participants who continue on to postsecondary education; and

[(6) contains a description of the costs of the training and other activities to be undertaken.

[(d) DURATION OF GRANTS.—Grants under this section shall be available for 2 years.

[(e) EVALUATION.—

[(1) CONDUCT OF EVALUATIONS.—The Secretary shall reserve not more than 2 percent of any amount appropriated under subsection (f) for the purpose of carrying out an independent evaluation of the effectiveness of the training programs assisted under this section in—

[(A) increasing the number of personnel in a school who regularly counsel students regarding college opportunities, precollege requirements, the college admission procedure, and financial aid opportunities; and

[(B) increasing the number of students who continue on to postsecondary education from a school which has had personnel trained using monies from this section.

[(2) REPORT.—The Secretary shall submit to the appropriate committees of the Congress a report which contains the findings of the evaluation required by paragraph (1).

[(f) TECHNICAL ASSISTANCE GRANTS.—There are authorized to be appropriated $40,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.]

* * * * * * *

[SUBPART 5—SPECIAL PROGRAMS FOR STUDENTS WHOSE FAMILIES ARE ENGAGED IN MIGRANT AND SEASONAL FARMWORK

[SEC. 418A. MAINTENANCE AND EXPANSION OF EXISTING PROGRAMS.

[(a) PROGRAM AUTHORITY.—The Secretary shall maintain and expand existing secondary and postsecondary high school equivalency program and college assistance migrant program projects located at institutions of higher education or at private nonprofit organizations working in cooperation with institutions of higher education.

[(b) SERVICES PROVIDED BY HIGH SCHOOL EQUIVALENCY PROGRAM.—The services authorized by this subpart for the high school equivalency program include—

[(1) recruitment services to reach persons—

[(A)(i) who are 16 years of age and over; or

[(ii) who are beyond the age of compulsory school attendance in the State in which such persons reside and are not enrolled in school;

[(B)(i) who themselves, or whose parents, have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork; or

[(ii) who are eligible to participate, or have participated within the preceding 2 years, in programs under part C of title I of the Elementary and Secondary Education Act of 1965 or section 402 of the Job Training Partnership Act; and

[(C) who lack a high school diploma or its equivalent;

[(2) educational services which provide instruction designed to help students obtain a general education diploma which meets the guidelines established by the State in which the project is located for high school equivalency;

[(3) supportive services which include the following:

[(A) personal, vocational, and academic counseling;

[(B) placement services designed to place students in a university, college, or junior college program, or in military service or career positions; and

[(C) health services;

[(4) information concerning, and assistance in obtaining, available student financial aid;

[(5) weekly stipends for high school equivalency program participants;

[(6) housing for those enrolled in residential programs;

[(7) exposure to cultural events, academic programs, and other educational and cultural activities usually not available to migrant youth; and

[(8) other essential supportive services, as needed to ensure the success of eligible students.

[(c) SERVICES PROVIDED BY COLLEGE ASSISTANCE MIGRANT PROGRAM.—(1) Services authorized by this subpart for the college assistance migrant program include—

[(A) outreach and recruitment services to reach persons who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork or who have participated or are eligible to participate, in programs under part C of title I of the Elementary and Secondary Education Act of 1965 (or such part's predecessor authority) or section 402 of the Job Training Partnership Act, and who meet the minimum qualifications for attendance at a college or university;

[(B) supportive and instructional services which include:

[(i) personal, academic, and career counseling as an ongoing part of the program;

[(ii) tutoring and academic skill building instruction and assistance;

[(iii) assistance with special admissions;

[(iv) health services; and

[(v) other services as necessary to assist students in completing program requirements;

[(C) assistance in obtaining student financial aid which includes, but is not limited to:

[(i) stipends;

[(ii) scholarships;

[(iii) student travel;

[(iv) career oriented work study;

[(v) books and supplies;

[(vi) tuition and fees;

[(vii) room and board; and

[(viii) other assistance necessary to assist students in completing their first year of college;

[(D) housing support for students living in institutional facilities and commuting students;

[(E) exposure to cultural events, academic programs, and other activities not usually available to migrant youth; and

[(F) other support services as necessary to ensure the success of eligible students.

[(2) A recipient of a grant to operate a college assistance migrant program under this subpart shall provide followup services for mi-

grant students after such students have completed their first year of college, and shall not use more than 10 percent of such grant for such followup services. Such followup services may include—

[(A) monitoring and reporting the academic progress of students who participated in the project during such student's first year of college and during such student's subsequent years in college; and

[(B) referring such students to on- or off-campus providers of counseling services, academic assistance, or financial aid.

[(d) MANAGEMENT PLAN REQUIRED.—Each project application shall include a management plan which contains assurances that staff shall have a demonstrated knowledge and be sensitive to the unique characteristics and needs of the migrant and seasonal farmworker population, and provisions for:

[(1) staff in-service training;

[(2) training and technical assistance;

[(3) staff travel;

[(4) student travel;

[(5) interagency coordination; and

[(6) an evaluation plan.

[(e) FIVE-YEAR GRANT PERIOD; CONSIDERATION OF PRIOR EXPERIENCE.—Except under extraordinary circumstances, the Secretary shall award grants for a 5-year period. For the purpose of making grants under this subpart, the Secretary shall consider the prior experience of service delivery under the particular project for which funds are sought by each applicant. Such prior experience shall be awarded the same level of consideration given this factor for applicants for programs authorized by subpart 4 of this part in accordance with section 417A(b)(2).

[(f) MINIMUM ALLOCATIONS.—The Secretary shall not allocate an amount less than—

[(1) $150,000 for each project under the high school equivalency program, and

[(2) $150,000 for each project under the college assistance migrant program.

[(g) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated for the high school equivalency program $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(2) There are authorized to be appropriated for the college assistance migrant program $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

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[SUBPART 8—SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS

[SEC. 420B. SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS.

[(a) PROGRAM AUTHORITY.—Funds appropriated pursuant to subsection (c) shall be used by the Secretary to make grants to institutions of higher education to provide special child care services to disadvantaged students.

[(b) APPLICATIONS.—Any institution wishing to receive a grant under this section shall submit an application to the Secretary. Such application shall include—

[(1) a description of the program to be established;

[(2) assurances by the applicant to the Secretary that—

[(A) not less than two-thirds of the participants in the program are low-income individuals;

[(B) the participants require the services to pursue successfully a program of education beyond high school;

[(C) the participants are enrolled at the institution which is the recipient of the grant;

[(D) all participants will receive sufficient assistance (under this subpart, other provisions of this title, or otherwise) to meet that student's full financial need for child care services related to such enrollment; and

[(E) the institution will meet such need of participants by providing child care through vouchers, contracted services, or direct provision of services; and

[(3) such information (and meet such conditions) as may be required by the Secretary.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the purpose of this section, $20,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

[(d) DEFINITION.—For purposes of this subpart, the term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using the criteria of poverty established by the Bureau of the Census.]

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

* * * * * * *

SEC. 428C. FEDERAL CONSOLIDATION LOANS.

(a) AGREEMENTS WITH ELIGIBLE LENDERS.—

(1) AGREEMENT REQUIRED FOR INSURANCE COVERAGE.—For the purpose of providing loans to eligible borrowers for consolidation of their obligations with respect to eligible student loans, the Secretary or a guaranty agency shall enter into agreements in accordance with subsection (b) with the following eligible lenders:

(A) the Student Loan Marketing Association *or the Holding Company of the Student Loan Marketing Association, including all subsidiaries of such Holding Company, created pursuant to section 440 of this Act*;

* * * * * * *

[SEC. 428J. LOAN FORGIVENESS FOR TEACHERS, INDIVIDUALS PERFORMING NATIONAL COMMUNITY SERVICE AND NURSES.

[(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to—

[(1) enter the teaching and nursing profession; and

[(2) perform national and community service.

[(b) DEMONSTRATION PROGRAM.—

[(1) IN GENERAL.—The Secretary, in consultation with the Secretary of Health and Human Services, is authorized to carry out a demonstration program of assuming the obligation to repay a loan made, insured or guaranteed under this part (excluding loans made under section 428A, 428B, or 428C) for any new borrower after October 1, 1989, who—

[(A) is employed as a full-time teacher—

[(i) in a school which qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools; and

[(ii) of mathematics, science, foreign languages, special education, bilingual education, or any other field of expertise where the State educational agency determines there is a shortage of qualified teachers;

[(B) serves as a full-time volunteer under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973, or to perform comparable service as a full-time employee of an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, if the borrower does not receive compensation which exceeds the greater of—

[(i) the minimum wage rate described in section 6 of the Fair Labor Standards Act of 1938; or

[(ii) an amount equal to 100 percent of the poverty line for a family of two (as defined in section 673(2) of the Community Services Block Grant Act); or

[(C) is employed full-time as a nurse in a public hospital, a rural health clinic, a migrant health center, an Indian Health Service, an Indian health center, a Native Hawaiian health center or in an acute care or long-term care facility.

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

[(c) LOAN REPAYMENT.—

[(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

[(A) 15 percent of the total amount of Stafford loans incurred by the student borrower during such borrower's last 2 years of undergraduate education for the first or second year of service in which such borrower meets the requirements described in subsection (a);

[(B) 20 percent of such total amount for such third or fourth year of service; and

[(C) 30 percent of such total amount for such fifth year of service.

[(2) CONSTRUCTION.—Nothing in this subsection shall be construed to authorize the refunding of any repayment of a Stafford loan.

[(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

[(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a teaching certificate, the Secretary is authorized to assume the obligation to repay the total amount of Stafford loans incurred for a maximum of 2 academic years in returning to an institution of higher education for the purpose of obtaining a teaching certificate or additional certification. Such Stafford loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

[(5) INELIGIBILITY OF NATIONAL SERVICE EDUCATIONAL AWARD RECIPIENTS.—No student borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

[(d) REPAYMENT TO ELIGIBLE LENDERS.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of Stafford loans which are subject to repayment pursuant to this section for such year.

[(e) APPLICATION FOR REPAYMENT.—

[(1) IN GENERAL.—Each eligible individual desiring loan repayment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Loan repayment under this section shall be on a first-come, first-served basis and subject to the availability of appropriations.

[(2) CONDITIONS.—An eligible individual may apply for repayment after completing each year of qualifying service. The borrower shall receive forbearance while engaged in qualifying service unless the borrower is in deferment while so engaged.

[(f) DEFINITIONS.—For the purpose of this section the term "eligible lender" has the same meaning given such term in section 435(d).

[(g) EVALUATION.—

[(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the program assisted under this part on the fields of teaching, nursing, and community service.

[(2) COMPETITIVE BASIS.—The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

[(3) CONTENTS.—The evaluation described in this section shall—

[(A) assess whether the program assisted under this section has brought into teaching, nursing, and community service a significant number of highly capable individuals who otherwise would not have entered such fields;

[(B) assess whether a significant number of students perform the service described in subsection (b) or opt to repay the loans instead of remaining in the career for

which such student received loan repayment under this section;

[(C) identify the barriers to the effectiveness of the program assisted under this section;

[(D) assess the cost-effectiveness of such program in improving teacher, nursing, and community service worker quality and quantity and the ways to improve the cost-effectiveness of such program;

[(E) identify the reasons for which participants in the program have chosen to take part in such program; and

[(F) identify other areas of community service or employment which may serve as appropriate methods of loan repayment.

[(4) INTERIM EVALUATION REPORTS.—The Secretary shall prepare and submit to the President and the Congress such interim reports on the evaluation described in this section as the Secretary deems appropriate, and shall submit such a final report by January 1, 1997.

[(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

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SEC. 435. DEFINITIONS FOR STUDENT LOAN INSURANCE PROGRAM.

As used in this part:

(a) * * *

* * * * * * *

(d) ELIGIBLE LENDER.—

(1) IN GENERAL.—Except as provided in paragraphs (2) through (6), the term "eligible lender" means—

(A) * * *

* * * * * * *

(F) for purposes only of purchasing and holding loans made by other lenders under this part, the Student Loan Marketing Association *or the Holding Company of the Student Loan Marketing Association, including all subsidiaries of such Holding Company, created pursuant to section 440 of this Act,* or an agency of any State functioning as a secondary market;

(G) for purposes of making loans under sections 428A(d), 428B(d), 428C, and 439(q), the Student Loan Marketing Association *or the Holding Company of the Student Loan Marketing Association, including all subsidiaries of such Holding Company, created pursuant to section 440 of this Act*;

* * * * * * *

SEC. 439. STUDENT LOAN MARKETING ASSOCIATION.

(a) * * *

* * * * * * *

(r) SAFETY AND SOUNDNESS OF ASSOCIATION.—

(1) REPORTS BY THE ASSOCIATION.—The Association shall promptly furnish to the Secretary of Education and Secretary of the Treasury copies of all—

(A) periodic financial reports publicly distributed by the Association; [and]

(B) reports concerning the Association that are received by the Association and prepared by nationally recognized statistical rating organizations[.]*; and*

(C) within 45 days of the end of each calendar quarter, (i) financial statements of the Association, and (ii) a report setting forth the calculation of the capital ratio of the Association.

* * * * * * *

(11) SAFE HARBOR.—The Association shall be deemed in compliance with the capital ratios described in [paragraphs (4) and (6)(A)] *paragraphs (4), (6)(A), and (14)* if the Association is rated in 1 of the 2 highest full rating categories (such categories to be determined without regard to designations within categories) by 2 nationally recognized statistical rating organizations, determined without regard to the Association's status as a federally chartered corporation.

* * * * * * *

(13) ENFORCEMENT OF SAFETY AND SOUNDNESS REQUIREMENTS.—The Secretary of Education or the Secretary of the Treasury, as appropriate, may request the Attorney General of the United States to bring an action in the United States District Court for the District of Columbia for the enforcement of any provisions of this subsection, or may, under the direction or control of the Attorney General, bring such an action. Such court shall have jurisdiction and power to order and require compliance with this subsection.

(14) ACTIONS BY SECRETARY.—If the shareholders of the Association shall have approved a reorganization plan in accordance with section 440(b) and, for any quarter after January 1, 2000, the Association shall have a capital ratio of less than 2.25 percent, the Secretary of the Treasury may, until such capital ratio is met, take any one or more of the actions described in paragraph (7), except that—

(A) the capital ratio to be restored pursuant to paragraph (7)(D) shall be 2.25 percent; and

(B) if the relevant capital ratio is in excess of or equal to 2 percent for such quarter, the Secretary of the Treasury shall defer taking any of the actions set forth in paragraph (7) until the next succeeding quarter and may then proceed with any such action only if the capital ratio of the Association remains below 2.25 percent.

Upon approval by the shareholders of the Association of a reorganization plan in accordance with section 440(b) for any period after January 1, 2000, the provisions of paragraphs (4), (5), (6), (8), (9), and (10) shall be of no further application to the Association.

[(13)] *(15)* DEFINITIONS.—As used in this subsection:

(A) The term "nationally recognized statistical rating organization" means any entity recognized as such by the Securities and Exchange Commission.

* * * * * * *

SEC. 440. REORGANIZATION OF THE STUDENT LOAN MARKETING ASSOCIATION THROUGH THE FORMATION OF A HOLDING COMPANY.

(a) ACTIONS BY THE ASSOCIATION'S BOARD OF DIRECTORS.—The Board of Directors of the Association shall take or cause to be taken all such action as it deems necessary or appropriate to effect, upon the shareholder approval described in subsection (b), a restructuring of the common stock ownership of the Association, as set forth in a plan of reorganization adopted by the Board of Directors (the terms of which shall be consistent with this Act) so that all of the outstanding common shares shall be directly owned by an ordinary business corporation chartered under State or District of Columbia law (the "Holding Company"), as the Board of Directors may determine. Such actions may include, in the Board's discretion, a merger of a wholly owned subsidiary of the Holding Company with and into the Association, which would have the effect provided in the plan of reorganization and the law of the jurisdiction in which such subsidiary is incorporated. As part of the restructuring, the Board of Directors may cause (1) the common shares of the Association to be converted, at the reorganization effective date, to common shares of the Holding Company on a one for one basis, consistent with applicable State or District of Columbia law, and (2) Holding Company common shares to be registered with the Securities and Exchange Commission.

(b) SHAREHOLDER APPROVAL.—The plan of reorganization adopted by the Board of Directors pursuant to subsection (a) shall be submitted to common stockholders of the Association for their approval. The reorganization shall occur at the reorganization effective date, provided that the plan of reorganization has been approved by the affirmative votes, cast in person or by proxy, of the holders of a majority of the issued and outstanding shares of the Association common stock.

(c) TRANSITION.—

(1) IN GENERAL.—Except as specifically provided in this section, until the dissolution date the Association shall continue to have all of the rights, privileges and obligations set forth in, and shall be subject to all of the limitations and restrictions of, section 439 of this Act as in effect on the effective date of this section, and the Association shall continue to carry out the purposes of such section. The Holding Company and its affiliates other than the Association shall not be entitled to any of the rights, privileges and obligations, and shall not be subject to the limitations and restrictions, applicable to the Association under section 439 of this Act as in effect on the effective date of this section, except as specifically provided in this section. The Holding Company and its subsidiaries (other than the Association) shall not purchase loans insured under this Act until such time as the Association ceases acquiring such loans, except that the Association shall continue to acquire loans as a lender

of last resort pursuant to section 439(q) of this Act or under an agreement with the Secretary described in section 440(c)(6).

(2) TRANSFER OF CERTAIN PROPERTY.—Except as specifically provided in this section, at the reorganization effective date or as soon as practicable thereafter, the Association shall use its best efforts to transfer to the Holding Company or its subsidiaries (or both), in each case, as directed by the Holding Company, all real and personal property of the Association (both tangible and intangible) other than the remaining property. Without limiting the preceding sentence, such transferred property shall include all right, title and interest in (A) direct or indirect subsidiaries of the Association (excluding any interest in any government sponsored enterprise), (B) contracts, leases, and other agreements, (C) licenses and other intellectual property, and (D) any other property of the Association. Notwithstanding the preceding provisions of this paragraph, nothing in this paragraph shall be construed to prohibit the Association from transferring remaining property from time to time to the Holding Company or its subsidiaries, subject to the provisions of paragraph (4).

(3) TRANSFER OF PERSONNEL.—At the reorganization effective date, employees of the Association shall become employees of the Holding Company (or of the subsidiaries), and the Holding Company (or the subsidiaries or both) shall provide all necessary and appropriate management and operational support (including loan servicing) to the Association, as requested by the Association. The Association may, however, obtain such management and operational support from other persons or entities.

(4) DIVIDENDS.—The Association may pay dividends in the form of cash or noncash distributions so long as at the time of the declaration of such dividends, after giving effect to the payment of such dividends as of the date of such declaration by the Board of Directors of the Association, the Association's capital would be in compliance with the capital standards set forth in section 439(r) of this Act. If, at any time after the reorganization effective date, the Association fails to comply with such capital standards, the Holding Company shall be obligated to transfer to the Association additional capital in such amounts as are necessary to ensure that the Association again complies with the capital standards.

(5) VALUATION OF NONCASH DISTRIBUTIONS.—After the reorganization effective date, any distribution of noncash assets by the Association to the Holding Company shall be valued at book value on the date the Association's Board of Directors approved such distribution for purposes of calculating compliance with section 439(r) of this Act.

(6) RESTRICTIONS ON NEW BUSINESS ACTIVITY OR ACQUISITION OF ASSETS BY ASSOCIATION.—After the reorganization effective date, the Association shall not engage in any new business activities or acquire any additional assets other than—

(A) in connection with (i) student loan purchases through September 30, 2003, and (ii) contractual commitments for future warehousing advances or pursuant to letters of cred-

it or standby bond purchase agreements which are outstanding as of the reorganization effective date;

(B) in connection with its serving as a lender-of-last-resort pursuant to section 439 of this Act; and

(C) in connection with its purchase of loans insured under this part, if the Secretary, with the approval of the Secretary of the Treasury, enters into an agreement with the Association for the continuation or resumption of its secondary market purchase program because the Secretary determines there is inadequate liquidity for loans made under this part.

The Secretary is authorized to enter into an agreement described in subparagraph (C) with the Association covering such secondary market activities.

Any agreement entered into under subparagraph (C) shall cover a period of 12 months, but may be renewed if the Secretary determines that liquidity remains inadequate. The fee provided under section 439(h)(7) shall not apply to loans acquired under any such agreement with the Secretary.

(7) ISSUANCE OF DEBT OBLIGATIONS DURING THE TRANSITION PERIOD; ATTRIBUTES OF DEBT OBLIGATIONS.—After the reorganization effective date, the Association shall not issue debt obligations which mature later than September 30, 2004, except in connection with serving as a lender-of-last-resort pursuant to section 439 of this Act or with purchasing loans under an agreement with the Secretary as described in paragraph (6) of this subsection. Nothing in this subsection shall modify the attributes accorded the debt obligations of the Association by section 439, regardless of whether such debt obligations are incurred prior to, or at any time following, the reorganization effective date or are transferred to a trust in accordance with subsection (d).

(8) MONITORING OF SAFETY AND SOUNDNESS.—

(A) OBLIGATION TO OBTAIN, MAINTAIN, AND REPORT INFORMATION.—The Association shall obtain such information and make and keep such records as the Secretary of the Treasury may from time to time prescribe concerning (i) the financial risk to the Association resulting from the activities of any of its associated persons, to the extent such activities are reasonably likely to have a material impact on the financial condition of the Association, including its capital ratio, its liquidity, or its ability to conduct and finance its operations, and (ii) the Association's policies, procedures, and systems for monitoring and controlling any such financial risk. The Association's obligations under this subsection with respect to any associated person which is a third party servicer (as defined in 34 C.F.R. 682.200(b)) shall be limited to providing to the Secretary of the Treasury copies of any reports or other information provided to the Secretary of Education pursuant to 34 C.F.R. 682.200 et seq. The Secretary of the Treasury may require summary reports of such information to be filed no more frequently than quarterly. For purposes of this paragraph, the term "associated person" shall mean any person, other than a

natural person, directly or indirectly controlling, controlled by, or under common control with the Association.

(B) SEPARATE OPERATION OF CORPORATIONS.—

(i) The funds and assets of the Association shall at all times be maintained separately from the funds and assets of the Holding Company or any of its other subsidiaries and may be used solely by the Association to carry out its purposes and to fulfill its obligations.

(ii) The Association shall maintain books and records that clearly reflect the assets and liabilities of the Association, separate from the assets and liabilities of the Holding Company or any of its other subsidiaries.

(iii) The Association shall maintain a corporate office that is physically separate from any office of the Holding Company or any of its subsidiaries.

(iv) No director of the Association that is appointed by the President pursuant to section 439(c)(1)(A) may serve as a director of the Holding Company.

(v) At least one officer of the Association shall remain an officer solely of the Association.

(vi) Transactions between the Association and the Holding Company or its other subsidiaries, including any loan servicing arrangements, shall be on terms no less favorable to the Association than the Association could obtain from an unrelated third party.

(vii) The Association shall not extend credit to the Holding Company or any of its affiliates, nor guarantee or provide any credit enhancement to any debt obligations of the Holding Company or any of its affiliates.

(viii) Any amounts collected on behalf of the Association by the Holding Company or any of its other subsidiaries with respect to the assets of the Association, pursuant to a servicing contract or other arrangement between the Association and the Holding Company or any of its other direct or indirect subsidiaries, shall be collected solely for the benefit of the Association and shall be immediately deposited by the Holding Company or such other subsidiary to an account under the sole control of the Association.

(C) ENCUMBRANCE OF ASSETS.—Notwithstanding any otherwise applicable Federal or State law, rule, or regulation, or legal or equitable principle, doctrine, or theory to the contrary, under no circumstances shall the assets of the Association be available or used to pay claims or debts of or incurred by the Holding Company. Nothing in this subparagraph shall limit the right of the Association to pay dividends not otherwise prohibited hereunder or limit any liability of the Holding Company explicitly provided for in this part.

(D) HOLDING COMPANY ACTIVITIES.—After the reorganization effective date and prior to the dissolution of the Association in accordance with section 440(d), Holding Company activities shall be limited to ownership of the Associa-

tion and any other subsidiaries. All business activities shall be conducted through subsidiaries.

(9) ASSOCIATION BOARD OF DIRECTORS.—Notwithstanding any other provision of part B of this title, after the reorganization effective date, the 14 directors of the Association elected by the Association's stockholders (which immediately after the reorganization effective date shall be the Holding Company) shall no longer be required to meet the eligibility requirements set forth in section 439(c).

(10) ISSUANCE OF STOCK WARRANTS.—At the reorganization effective date, the Holding Company shall issue to the Secretary of the Treasury 200,000 stock warrants, each entitling the holder of the stock warrant to purchase from the Holding Company one share of the registered common stock of the Holding Company at any time on or before September 30, 2007. The exercise price for such warrants shall be an amount equal to the average closing price of the common stock of the Association for the 20 business days prior to and including the date of enactment of this section on the exchange or market which is then the primary exchange or market for the common stock of the Association, subject to any adjustments necessary to reflect the conversion of Association common stock into Holding Company common stock as part of the plan of reorganization approved by the Association's shareholders.

(11) RESTRICTIONS ON TRANSFER OF ASSOCIATION SHARES AND BANKRUPTCY OF ASSOCIATION.—After the reorganization effective date, the Holding Company shall not sell, pledge, or otherwise transfer the outstanding shares of the Association, or agree to or cause the liquidation of the Association to file a petition of bankruptcy under title 11, United States Code, without prior approval of the Secretary of the Treasury and the Secretary of Education.

(d) TERMINATION OF THE ASSOCIATION.—The Association shall dissolve, and its separate existence shall terminate on September 30, 2007, after discharge of all outstanding debt obligations and liquidation pursuant to this subsection. The Association may dissolve pursuant to this subsection prior to such date by notifying the Secretary of Education and the Secretary of the Treasury of its intention to dissolve, unless within 60 days of receipt of such notice the Secretary of Education notifies the Association that it continues to be needed to serve as a lender of last resort pursuant to section 439(q) of this Act or continues to be needed to purchase loans under an agreement with the Secretary described in subsection (c)(6) of this section. On the dissolution date, the Association shall take the following actions:

(1) ESTABLISHMENT OF A TRUST.—The Association shall, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Secretary of the Treasury, the Association and the appointed trustee, irrevocably transfer all remaining obligations of the Association to the trust and irrevocably deposit or cause to be deposited into such trust, to be held as trust funds solely for the benefit of holders of the remaining obligations, money or direct noncallable obligations of the United States of America or any agency thereof for which

payment the full faith and credit of the United States is pledged, maturing as to principal and interest in such amounts and at such times as are determined by the Secretary of the Treasury to be sufficient, without consideration of any significant reinvestment of such interest, to pay the principal of, and interest on, the remaining obligations in accordance with their terms. To the extent the Association cannot provide money or qualifying obligations in the amount required, the Holding Company shall be required to transfer money or qualifying obligations to the trust in the amount necessary to prevent any deficiency.

(2) USE OF TRUST ASSETS.—All money, obligations, or financial assets deposited into the trust pursuant to this subsection shall be applied by the trustee to the payment of the remaining obligations assumed by the trust. Upon the fulfillment of the trustee's duties under the trust, any remaining assets of the trust shall be transferred to the Holding Company or its subsidiaries, or both, as directed by the Holding Company.

(3) OBLIGATIONS NOT TRANSFERRED TO THE TRUST.—The Association shall make proper provision for all other obligations of the Association, including the repurchase or redemption, or the making of proper provision for the repurchase or redemption, of any preferred stock of the Association then outstanding. Any obligations of the Association which cannot be fully satisfied shall become liabilities of the Holding Company as of the date of dissolution.

(4) TRANSFER OF REMAINING ASSETS.—After compliance with paragraphs (1), (2), and (3), the Association shall transfer to the Holding Company any remaining assets of the Association.

(e) OPERATION OF THE HOLDING COMPANY.—

(1) HOLDING COMPANY BOARD OF DIRECTORS.—The number and composition of the Board of Directors of the Holding Company shall be determined as set forth in the Holding Company's charter or like instrument (as amended from time to time) or bylaws (as amended from time to time) and as permissible under the laws of the jurisdiction of its incorporation.

(2) HOLDING COMPANY NAME.—The names of the Holding Company and any direct or indirect subsidiary of the Holding Company other than the Association may not contain the name "Student Loan Marketing Association" or "Sallie Mae".

(3) USE OF SALLIE MAE NAME.—Subject to paragraph (2), the Association may assign to the Holding Company, or any direct or indirect subsidiary of the Holding Company other than the Association, the "Sallie Mae" name as a trademark and service mark, except that neither the Holding Company nor any direct or indirect subsidiary of the Holding Company may use the "Sallie Mae" name on, or to identify the issuer of, any debt obligation or other security offered or sold by the Holding Company or any direct or indirect subsidiary. The Association shall remit to the Secretary of Treasury $5,000,000 during fiscal year 1996 as compensation for the right to assign such trademark or service mark.

(4) DISCLOSURE REQUIRED.—Until 3 years after the dissolution date, the Holding Company, and any direct or indirect sub-

sidiary of the Holding Company other than the Association, shall prominently display in any document offering its securities, and in any advertisement or promotional materials which use the "Sallie Mae" name or mark, a statement that—

(A) neither the Holding Company nor any such subsidiary is a Government-sponsored enterprise or instrumentality of the United States; and

(B) the obligations of the Holding Company and any such subsidiary are not guaranteed by the full faith and credit of the United States.

(f) STRICT CONSTRUCTION.—Except as specifically set forth in this section, nothing contained in this section shall be construed to limit the authority of the Association as a federally chartered corporation, or of the Holding Company as a State or District of Columbia chartered corporation.

(g) RIGHT TO ENFORCE.—The Secretary of Education or the Secretary of the Treasury, as appropriate, may request the Attorney General of the United States to bring an action in the United States District Court for the District of Columbia for the enforcement of any provisions of this section, or may, under the direction or control of the Attorney General, bring such an action. Such court shall have jurisdiction and power to order and require compliance with this section.

(h) DEADLINE FOR REORGANIZATION EFFECTIVE DATE.—This section shall be of no further force and effect in the event that the reorganization effective date does not occur on or before 18 months after the date of enactment of this section.

(i) DEFINITIONS.—For purposes of this section—

(1) The term "Association" means the Student Loan Marketing Association.

(2) The term "dissolution date" shall mean September 30, 2007, or such earlier date as the Secretary of Education permits the transfer of remaining obligations in accordance with subsection (d) of this section.

(3) The term "reorganization effective date" means the effective date of the reorganization as determined by the Board of Directors of the Association, which shall not be earlier than the date that stockholder approval is obtained pursuant to subsection (b) of this section and shall not be later than the date that is 18 months after the date of enactment of this section.

(4) The term "Holding Company" means the new business corporation formed pursuant to this section by the Association under the laws of any State of the United States or the District of Columbia.

(5) The term "remaining obligations" shall mean the debt obligations of the Association outstanding as of the dissolution date.

(6) The term "remaining property" shall mean the following assets and liabilities of the Association which are outstanding as of the reorganization effective date: (A) debt obligations issued by the Association, (B) contracts relating to interest rate, currency, or commodity positions or protections, (C) investment securities owned by the Association, (D) any instruments, assets, or agreements described in section 439(d) of this Act (including

without limitation all student loans, forward purchase and lending commitments, warehousing advances, academic facilities obligations, letters of credit, standby bond purchase agreements, liquidity agreements, and student loan revenue bonds or other loans), and (E) except as specifically prohibited by this Act, any other nonmaterial assets or liabilities of the Association which the Association's Board of Directors determines to be necessary or appropriate to its operations.

(7) The term "reorganization" means the restructuring event or events (including any merger event) giving effect to the holding company structure described in subsection (a) of this section.

(8) The term "subsidiaries" shall mean one or more direct or indirect subsidiaries of the Holding Company.

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PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

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SEC. 453. SELECTION OF INSTITUTIONS FOR PARTICIPATION AND ORIGINATION.

(a) * * *

* * * * * * *

(c) SELECTION CRITERIA FOR ORIGINATION.—

(1) * * *

(2) TRANSITION SELECTION CRITERIA.—For academic year 1994–1995, the Secretary may approve an institution to originate loans only if such institution—

(A) * * *

* * * * * * *

[(E) in the opinion of the Secretary, has not had significant deficiencies identified by a State postsecondary review entity under subpart 1 of part H of this title;

[(F)**]** *(E)* in the opinion of the Secretary, has not had severe performance deficiencies for any of the programs under this title, including such deficiencies demonstrated by audits or program reviews submitted or conducted during the 5 calendar years immediately preceding the date of application;

[(G)**]** *(F)* provides an assurance that such institution has no delinquent outstanding debts to the Federal Government, unless such debts are being repaid under or in accordance with a repayment arrangement satisfactory to the Federal Government, or the Secretary in the Secretary's discretion determines that the existence or amount of such debts has not been finally determined by the cognizant Federal agency; and

[(H)] *(G)* meets such other criteria as the Secretary may establish to protect the financial interest of the United States and to promote the purposes of this part.

* * * * * * *

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

SEC. 481. DEFINITIONS.

(a) * * *

(b) PROPRIETARY INSTITUTION OF HIGHER EDUCATION.—For the purpose of this section, the term "proprietary institution of higher education" means a school (1) which provides an eligible program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1) and (2) of section 1201(a), (3) which does not meet the requirement of clause (4) of section 1201(a), (4) which is accredited by a nationally recognized accrediting agency or association approved by the Secretary pursuant to part H of this title, (5) which has been in existence for at least 2 years, and (6) which has at least 15 percent of its revenues from sources that are not derived from funds provided under this title, as determined in accordance with regulations prescribed by the Secretary. *For the purposes of determining whether an institution meets the requirements of clause (6), the Secretary shall not consider the financial information of any institution for a fiscal year that began on or before April 30, 1994.* Such term also includes a proprietary educational institution in any State which, in lieu of the requirement in clause (1) of section 1201(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

* * * * * * *

[SEC. 486. TRAINING IN FINANCIAL AID SERVICES.

[(a) PROGRAM AUTHORITY.—The Secretary is authorized to provide grants to appropriate nonprofit private organizations or combinations of such organizations to provide training for student financial aid administrators and TRIO personnel, at all levels of experience, who provide or are involved in student financial aid services.

[(b) USE OF FUNDS.—Financial assistance under this section may be used for—

[(1) the operation of short-term training institutes and special training programs for student financial aid administrators or TRIO personnel designed to—

[(A) improve the professional management skills of participants in such institutes and programs;

[(B) improve the delivery of student services;

[(C) improve students' or prospective students' information on the availability and operation of student financial assistance programs; and

[(D) improve the understanding and knowledge of the participants concerning the legislative and regulatory re-

quirements of the student financial assistance programs and changes in such requirements; and

[(2) the development of appropriate training materials.

[(c) LIMITATIONS.—Grants authorized under this section—

[(1) shall be limited to not less than $1,000,000 in the case of single-year grants;

[(2) shall be limited to not less than $1,000,000 per year in the case of multiple-year grants;

[(3) shall be limited to a maximum of 3 years in the case of multiple-year grants; and

[(4) may be renewed at the discretion of the Secretary.

[(d) AUTHORIZATION OF APPROPRIATIONS AND USE OF FUNDS.—There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.]

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) * * *

* * * * * * *

(3) The institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under this title, together with assurances that the institution will provide, upon request and in a timely fashion, information relating to the administrative capability and financial responsibility of the institution to—

(A) the Secretary;

[(B) the appropriate State review entity designated under subpart 1 of part H;

[(C)] *(B)* the appropriate guaranty agency; and

[(D)] *(C)* the appropriate accrediting agency or association.

* * * * * * *

(15) The institution acknowledges the authority of the Secretary, guaranty agencies, lenders, accrediting agencies, [the Secretary of Veterans Affairs, and State review entities under subpart 1 of part H] *and the Secretary of Veterans Affairs* to share with each other any information pertaining to the institution's eligibility to participate in programs under this title or any information on fraud and abuse.

* * * * * * *

(21) The institution will meet the requirements established by the Secretary[, State postsecondary review entities,] and accrediting agencies pursuant to part H of this title.

* * * * * * *

(c) AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.—(1) Notwithstanding any other provisions of this title, the Secretary shall prescribe such regulations as may be necessary to provide for—

(A)(i) except as provided in clause (ii), a financial audit of an eligible institution with regard to the financial condition of the institution in its entirety, and a compliance audit of such institution with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, on at least an annual basis and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary and shall be available to cognizant guaranty agencies, eligible lenders, [State agencies, and the State review entities referred to in subpart 1 of part H] *and State agencies*; or

* * * * * * *

(4) The Secretary shall publish[, after consultation with each State review entity designated under subpart 1 of part H,] a list of State agencies which the Secretary determines to be reliable authority as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for all Federal student assistance programs.

(5) The Secretary shall make readily available to appropriate guaranty agencies, eligible lenders, [State review entities designated under subpart 1 of part H,] and accrediting agencies or associations the results of the audits of eligible institutions conducted pursuant to paragraph (1)(A).

* * * * * * *

PART H—PROGRAM INTEGRITY TRIAD

[Subpart 1—State Postsecondary Review Program

[SEC. 494. STATE POSTSECONDARY REVIEW PROGRAM.

[(a) PURPOSE.—It is the purpose of this section to authorize the Secretary to enter into agreements that—

[(1) designate one State postsecondary review entity in each State to be responsible for the conduct or coordination of the review under section 494C(d) of institutions of higher education, reported to the State by the Secretary pursuant to section 494C(a), for the purposes of determining eligibility under this title; and

[(2) provide Federal funds to each State postsecondary review entity for performing the functions required by such agreements with the Secretary.

[(b) PROGRAM AUTHORITY.—The Secretary shall, in accordance with the provisions of this subpart, enter into agreements with each of the States to carry out the purposes of this subpart. If any State declines to enter into an agreement with the Secretary for the purposes of this subpart, the provisions of this subpart which refer to the State, with respect to such State, shall refer to the Secretary, who may make appropriate arrangements with agencies or organizations of demonstrated competence in reviewing institutions of higher education.

[(c) FAILURE TO COMPLY WITH AGREEMENT.—If a State fails to enter into an agreement under this section or fails to meet the requirements of its agreement with the Secretary under this subpart—

[(1) the Secretary—

[(A) may not designate as eligible for participation in any program under this title any new institution (including new branch campuses) or any institution that has changed ownership, pursuant to section 481 and subpart 3 of this part; and

[(B) may grant only provisional certification for all institutions in the State pursuant to subpart 3 of this part; and

[(2) the State shall be ineligible to receive funds under section 494B of this subpart, subpart 4 of part A of this title, and chapter 2 of subpart 2 of part A of this title

[SEC. 494A. STATE POSTSECONDARY REVIEW ENTITY AGREEMENTS.

[(a) STATE ORGANIZATION STRUCTURES.—(1) Each agreement under this subpart shall describe a State organizational structure responsible for carrying out the review under section 494C(d) of institutions reported to the State by the Secretary pursuant to section 494C(a). Each such entity's action in reviewing such institutions shall, for purposes of this subpart, be considered to be the action of the State.

[(2) For the purposes of this subpart, the designation of a State postsecondary review entity for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

[(3) Except as provided in paragraph (6), nothing in this subpart shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, a specific State organizational structure.

[(4) Except as provided in paragraph (6), nothing in this subpart shall be construed—

[(A) as a limitation on the authority of any State to adopt a State organization structure for postsecondary education agencies, or programs, or institutions of higher education as appropriate to the needs, traditions, and circumstances of that State;

[(B) as a limitation on the authority of a State entering into an agreement pursuant to this subpart to modify the State or-

ganizational structure at any time subsequent to entering into such agreement;

[(C) as a limitation on the authority of any State to enter into an agreement for purposes of this subpart as a member of a consortium of States;

[(D) as an authorization for the Secretary to withhold funds from any State or postsecondary institution on the basis of compliance with a State's constitution or laws;

[(E) as an authorization for any State postsecondary review entity to exercise planning, policy, coordinating, supervisory, budgeting, or administrative powers over any postsecondary institution; or

[(F) as a limitation on the use of State audits for the purpose of compliance with applicable standards under section 494C(d).

[(5) Nothing in this subpart shall be construed to limit the authority or activities of any State loan insurance program established under section 428(b) of this title or of any relevant State licensing authority which grants approval for institutions of higher education to operate within a State or their authority to contact the Secretary directly.

[(6) Notwithstanding the provisions of paragraphs (2), (3), and (4) of this subsection, the Secretary may require each State to designate an entity responsible for the conduct or coordination of the review of institutions under this title.

[(b) CONTENTS OF AGREEMENTS.—Agreements between each State and the Secretary shall contain the following elements:

[(1) A designation of a single State postsecondary review entity, which represents all entities of that State which are responsible for—

[(A) granting State authorization to each institution of higher education in that State for the purposes of this title, and

[(B) ensuring that each institution of higher education in that State remains in compliance with the standards developed pursuant to section 494C.

[(2) Assurances that the State will review institutions of higher education for the purpose of determining eligibility under this title on a schedule to coincide with the dates set by the Secretary to certify or recertify such institutions of higher education as provided in section 481 and subpart 3 of this part.

[(3) Assurances that the appropriate State postsecondary review entity will perform the functions authorized by this subpart and will keep such records and provide such information to the Secretary as may be requested for financial and compliance audits and program evaluation, consistent with the responsibilities of the Secretary.

[(4) A description of the relationship between the State postsecondary review entity designated for the purposes of this subpart and (A) the agency or agencies designated for the purposes of chapter 36 of title 38 of the United States Code, (B) the loan insurance program established under section 428(b) of this title for that State, and (C) the grant agency established under section 415C of this title.

[(5) A plan for performing the functions described in section 494C of this subpart.

[(c) FEDERAL RESPONSIBILITY.—Notwithstanding any other provision of law, no State shall be required to enter into an agreement with the Secretary under this subpart for performing the review functions required by such agreement unless the Congress appropriates funds for this subpart

[SEC. 494B. FEDERAL REIMBURSEMENT OF STATE POSTSECONDARY REVIEW COSTS.

[(a) PAYMENTS.—Subject to subsection (b), the Secretary shall reimburse the States for the costs of performing the functions required by agreements with the Secretary authorized under this subpart. Such costs shall include expenses for providing initial and continuing training to State personnel and other personnel in the State, including personnel at institutions of higher education subject to review, to serve the purposes of this subpart. Reimbursement shall be provided for necessary activities which supplement, but do not supplant, existing licensing or review functions conducted by the State. The Secretary shall also reimburse such entities for work performed by their subcontractors and consultants where such work has a direct relationship to the requirements of agreements with the Secretary under this subpart.

[(b) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of enabling the Secretary to make payments to States which have made agreements with the Secretary under this subpart, there is authorized to be appropriated $75,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[SEC. 494C. FUNCTIONS OF STATE REVIEW ENTITIES.

[(a) INITIAL REVIEW.—The Secretary shall review all eligible institutions of higher education in a State to determine if any such institution meets any of the criteria in subsection (b). If any such institution meets one or more of such criteria, the Secretary shall inform the State in which such institution is located that the institution has met such criteria, and the State shall review the institution pursuant to the standards in subsection (d). The Secretary may determine that a State need not review an institution if such institution meets the criterion in subsection (b)(10) only, such institution was previously reviewed by the State under subsection (d), and the State determined in such previous review that the institution did not violate any of the standards in subsection (d). The Secretary shall supply the State with a copy of the institutional audits, required pursuant to section 487(c), for the institutions which shall be reviewed by the State. In addition to those institutions identified by the Secretary, the State may, subject to approval by the Secretary, review additional institutions which meet one or more of the criteria provided in subsection (b), based on more recent data available to the State, or which the State has reason to believe are engaged in fraudulent practices. If the Secretary fails to approve or disapprove a State request to review additional institutions within 21 days, the State may proceed to review such additional institutions as if approved by the Secretary.

[(b) REVIEW CRITERIA.—The criteria for the initial review of institutions of higher education are as follows:

[(1) A cohort default rate (as defined in section 435(m)) equal to or greater than 25 percent.

[(2) A cohort default rate (as defined in such section) equal to or greater than 20 percent and either—

[(A) more than two-thirds of the institution's total undergraduates who are enrolled on at least a half-time basis receive assistance under this title (except subparts 4 and 6 of part A); or

[(B) two-thirds or more of the institution's education and general expenditures are derived from funds provided to students enrolled at the institution from the programs established under this title (except subparts 4 and 6 of part A and section 428B).

[(3) Two-thirds or more of the institution's education and general expenditures are derived from funds provided to students enrolled at the institution pursuant to subpart 1 of part A of this title.

[(4) A limitation, suspension, or termination action by the Secretary against the institution pursuant to section 487 during the preceding 5 years.

[(5) An audit finding during the 2 most recent audits of an institution of higher education's conduct of the programs established by this title that resulted in the repayment by the institution of amounts greater than 5 percent of the funds such institution received from the programs assisted under this title for any one year.

[(6) A citation of an institution by the Secretary for failure to submit audits required by this title in a timely fashion.

[(7) A year-to-year fluctuation of more than 25 percent in the amounts received by students enrolled at the institution from either Federal Pell Grant, Federal Stafford Loan, or Federal Supplemental Loans to Students programs, which are not accounted for by changes in these programs.

[(8) Failure to meet financial responsibility standards pursuant to subpart 3 of this part.

[(9) A change of ownership of the institution that results in a change of control which includes (but is not limited to)—

[(A) the sale of the institution or the majority of its assets;

[(B) the division of 1 or more institutions into 2 or more institutions;

[(C) the transfer of the controlling interest in stock of the institution or its parent corporation;

[(D) the transfer of the controlling interest of stock of the institution to its parent corporation; or

[(E) the transfer of the liabilities of the institution to its parent corporation.

[(10) Except with regard to any public institution that is affiliated with a State system of higher education, participation in any of the programs established pursuant to subparts 1 and 3 of part A, part B, part C, and part E of this title for less than 5 years.

[(11) A pattern of student complaints pursuant to subsection (j) related to the management or conduct of the programs es-

tablished by this title or relating to misleading or inappropriate advertising and promotion of the institution's program, which in the judgment of the Secretary are sufficient to justify review of the institution.

[(c) USE OF RECENT DATA.—The criteria provided for in subsection (b) shall be measured on the basis of the most recent data available to the Secretary. Institutions may request verification of the data used by the Secretary.

[(d) REVIEW STANDARDS.—Institutions which meet 1 or more of the criteria in subsection (b) shall be reviewed by the appropriate State entity in accordance with published State standards that are consistent with the constitution and laws of the State, developed in consultation with the institutions in the State, and subject to disapproval by the Secretary. Such review shall determine the following:

[(1) The availability to students and prospective students of catalogs, admissions requirements, course outlines, schedules of tuition and fees, policies regarding course cancellations, and the rules and regulations of the institution relating to students and the accuracy of such catalogs and course outlines in reflecting the courses and programs offered by the institution.

[(2) Assurance that the institution has a method to assess a student's ability to successfully complete the course of study for which he or she has applied.

[(3) Assurance that the institution maintains and enforces standards relating to academic progress and maintains adequate student and other records.

[(4) Compliance by the institution with relevant safety and health standards, such as fire, building, and sanitation codes.

[(5) The financial and administrative capacity of the institution as appropriate to a specified scale of operations and the maintenance of adequate financial and other information necessary to determine the financial and administrative capacity of the institution.

[(6) For institutions financially at risk, the adequacy of provisions to provide for the instruction of students and to provide for the retention and accessibility of academic and financial aid records of students in the event the institution closes.

[(7) If the stated objectives of the courses or programs of the institution are to prepare students for employment, the relationship of the tuition and fees to the remuneration that can be reasonably expected by students who complete the course or program and the relationship of the courses or programs (including the appropriateness of the length of such courses) to providing the student with quality training and useful employment in recognized occupations in the State.

[(8) Availability to students of relevant information by institutions of higher education, including—

[(A) information relating to market and job availability for students in occupational, professional, and vocational programs; and

[(B) information regarding the relationship of courses to specific standards necessary for State licensure in specific occupations.

[(9) The appropriateness of the number of credit or clock hours required for the completion of programs or of the length of 600-hour courses.

[(10) Assessing the actions of any owner, shareholder, or person exercising control over the educational institution which may adversely affect eligibility for programs under this title.

[(11) The adequacy of procedures for investigation and resolution of student complaints.

[(12) The appropriateness of advertising and promotion and student recruitment practices.

[(13) That the institution has a fair and equitable refund policy to protect students.

[(14) The success of the program at the institution, including—

[(A) the rates of the institution's students' program completion and graduation, taking into account the length of the program at the institution and the selectivity of the institution's admissions policies;

[(B) the withdrawal rates of the institution's students;

[(C) with respect to vocational and professional programs, the rates of placement of the institution's graduates in occupations related to their course of study;

[(D) where appropriate, the rate at which the institution's graduates pass licensure examinations; and

[(E) the variety of student completion goals, including transfer to another institution of higher education, full-time employment in the field of study, and military service.

[(15) With respect to an institution which meets 1 or more of the criteria in subsection (b), the State shall contract with the appropriate approved accrediting agency or association (described in subpart 2 of this part) or another peer review system with demonstrated competence in assessing programs (pursuant to the authority contained in subsection (f)) to carry out a review or provide information regarding such agency's or association's assessment of the following: The quality and content of the institution's courses or programs of instruction, training, or study in relation to achieving the stated objectives for which the courses or programs are offered, including the adequacy of the space, equipment, instructional materials, staff, and student support services (including student orientation, counseling, and advisement) for providing education and training that meets such stated objectives.

[(e) SUBSTITUTIONS PROHIBITED.—The appropriate State postsecondary review entity may not substitute either (1) accreditation by a private accrediting agency or body, or (2) compliance audits performed by a State guaranty agency established under section 428(b) of this title, for State review of compliance with the standards in subsection (d).

[(f) STATE CONTRACTS.—If the appropriate State postsecondary review entity contracts with a private agency or body or an accreditation body or peer review system for assistance in performing State postsecondary review entity functions, such contract shall be

provided for in the agreement with the Secretary required by section 494A.

[(g) PROHIBITION ON UNRELATED REQUIREMENTS.—Notwithstanding any of the provisions of this subpart, the Secretary shall not require a State to establish standards that are unrelated to ensuring institutional or program integrity or that violate the provisions of a State's constitution or laws.

[(h) INSTITUTIONAL ELIGIBILITY.—A State postsecondary review entity may determine that an institution of higher education shall not be eligible to participate in programs under this title based on its own findings or the findings of a Federal entity in accordance with the following procedures:

[(1) STATE FINDINGS.—If the appropriate State postsecondary review entity finds that an institution of higher education does not meet one or more of the standards in subsection (d) of this section, such State postsecondary review entity shall notify the Secretary of its findings and the actions that such entity is taking, or has taken, in response to such findings within a time period prescribed by the Secretary by regulation. If a State postsecondary review entity determines an institution of higher education shall not be eligible for participation in programs under this title, such State postsecondary review entity shall so notify the Secretary. Upon receipt of such notification of ineligibility, the Secretary shall immediately terminate the participation of such institutions in the programs authorized by this title.

[(2) SECRETARY'S FINDINGS.—If the Secretary or any other Federal entity takes, or plans to take, any action against any institution of higher education (including any actions taken under section 487), the Secretary shall notify the appropriate State postsecondary review entity (or entities, in the case of multi-State institutions) of such action within a time period prescribed in the Secretary's regulations.

[(3) PROCEDURAL PROTECTIONS FOR DISAPPROVAL.—The Secretary shall, by regulation, prescribe minimum procedural standards for the disapproval of institutions of higher education by the appropriate State postsecondary review entity or entities for purposes of this title.

[(i) LIMIT ON STATE POSTSECONDARY REVIEW AGENCY FUNCTIONS.—The functions of State postsecondary review entity shall not include performing financial and compliance audits as may be required under section 428 or 487 of this Act.

[(j) CONSUMER COMPLAINTS.—A State, in consultation with the institutions of higher education in the State, shall establish and publicize the availability of procedures for receiving and responding to complaints from students, faculty, and others about institutions of higher education and shall keep records of such complaints in order to determine their frequency and nature for specific institutions of higher education.

[(k) ENFORCEMENT MECHANISMS.—Nothing in this subpart shall restrict the authority of the States to establish mechanisms to enforce the standards established under subsection (d) or require the States to establish specific mechanisms recommended by the Secretary.]

Subpart 2—Accrediting Agency Approval

SEC. 496. APPROVAL OF ACCREDITING AGENCY OR ASSOCIATION.

(a) STANDARDS REQUIRED.—No accrediting agency or association may be determined by the Secretary to be a reliable authority as to the quality of education or training offered for the purposes of this Act or for other Federal purposes, unless the agency or association meets standards established by the Secretary pursuant to this section. The Secretary shall, after notice and opportunity for a hearing, establish standards for such determinations. Such standards shall include an appropriate measure or measures of student achievement. Such standards shall require that—

(1) * * *

* * * * * * *

(7) such agency or association shall notify the Secretary [and the appropriate State postsecondary review entity] within 30 days of the accreditation of an institution or any final denial, withdrawal, suspension, or termination of accreditation or placement on probation of an institution, together with any other adverse action taken with respect to an institution; and

(8) such agency or association shall make available to the public, upon request, and to the Secretary, [and the State postsecondary review entity of the State in which the institution of higher education is located] a summary of any review resulting in a final accrediting decision involving denial, termination, or suspension of accreditation, together with the comments of the affected institution.

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Subpart 3—Eligibility and Certification Procedures

SEC. 498. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(a) * * *

* * * * * * *

(g) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—(1) * * *

(2) The Secretary shall establish a schedule for the expiration of the eligibility for purposes of any such program of all institutions of higher education within the 5-year period specified in paragraph (1). [Such schedule shall place a priority for the expiration of the certification of institutions on those that meet the following criteria:

[(A) institutions subject to review by a State postsecondary review entity pursuant to subpart 1 of part H; or

[(B) other categories of institutions which the Secretary deems necessary.]

* * * * * * *

SEC. 498A. PROGRAM REVIEW AND DATA.

(a) GENERAL AUTHORITY.—In order to strengthen the administrative capability and financial responsibility provisions of this title, the Secretary—

(1) shall provide for the conduct of program reviews on a systematic basis designed to include all institutions of higher education participating in programs authorized by this title;

(2) may give priority for program review to institutions of higher education that are—

(A) * * *

* * * * * * *

(D) institutions reported to have deficiencies or financial aid problems [by the appropriate State postsecondary review entity designated under subpart 1 of this part or] by the appropriate accrediting agency or association;

(E) institutions with high annual dropout rates; *and*

[(F) any institution which is required to be reviewed by a State postsecondary review entity pursuant to subpart 1 of part H under section 494C(b); and

[(G)] *(F)* such other institutions as the Secretary deems necessary; and

(3) shall establish and operate a central data base of information on institutional accreditation, eligibility, and certification that includes—

(A) * * *

* * * * * * *

(C) all relevant information from accrediting agencies or associations; *and*

(D) all relevant information available from a guaranty agency[; and

[(E) all relevant information available from States under subpart 1.].

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TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

* * * * * * *

[PART A—STATE AND LOCAL PROGRAMS FOR TEACHER EXCELLENCE

[SEC. 501. AUTHORITY AND ALLOCATION OF FUNDS; DEFINITIONS.

[(a) PURPOSE AND AUTHORITY.—

[(1) PURPOSE.—It is the purpose of this part to provide funds to State educational agencies, local educational agencies and institutions of higher education in order to update and improve the skills of classroom teachers, including preschool and early childhood education specialists and school administrators, to establish State academies for teachers and school leaders, and

to provide for a comprehensive examination of State requirements for teacher preservice and certification.

[(2) PROGRAM AUTHORIZED.—The Secretary is authorized to make allotments to State educational agencies for the purposes of enhancing and improving the quality of teaching, including early childhood education, in each of the several States.

[(b) ALLOTMENT OF FUNDS.—

[(1) IN GENERAL.—From the funds appropriated in each fiscal year pursuant to section 510A, the Secretary shall allot to each State—

[(A) 50 percent of such funds on the basis of the number of individuals in the State aged 5 through 17 compared to the number of all such individuals in all States; and

[(B) 50 percent of such funds on the basis of the amount the State receives under sections 1005 and 1006 of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 compared to the total amount that all States receive under such sections.

[(2) ALLOCATIONS FROM STATE ALLOTMENTS.—

[(A)(i) Except as provided in subsection (c), from the amount allotted to each State in each fiscal year pursuant to paragraph (1) and not reserved pursuant to subparagraph (B)(i), the State education agency shall allocate 50 percent of such amount in accordance with clause (ii) to local eduational agencies to carry out the activities described in section 503.

[(ii) The State educational agency shall allocate 50 percent of the amount allotted to the State in each fiscal year under paragraph (1) so that—

[(I) one-half of such amount is allocated to local educational agencies within such State based on the local educational agency's relative share of the enrollments in public schools within the State; and

[(II) one-half of such amount is allocated to local educational agencies within such State based on the local educational agency's relative share of the State's allocation of funds under sections 1005 and 1006 of the Elementary and Secondary Education Act of 1965,

except that any local educational agency that would receive an allocation of less than $10,000 shall be required to form a consortium with at least one other local educational agency in order to receive an allocation under this part. In making allocations under this part, the State educational agency shall use the most recent data available.

[(B)(i) From the amount allotted to each State in each fiscal year pursuant to paragraph (1) the State educational agency shall reserve not more than 3 percent of such funds for the purposes of administering the program under this title, including evaluation and dissemination activities.

[(ii) From the amount allotted to each State in each fiscal year under paragraph (1) and not reserved pursuant to clause (i), the State educational agency—

[(I) shall reserve not more than 25 percent of such funds to carry out sections 504, 505, and 506; and

[(II) shall reserve not more than 25 percent of such funds to award grants to institutions of higher education in accordance with sections 507 and 508.

[(c) SPECIAL RULE.—Notwithstanding the provisions of subsection (b)(2)(A), if the amount appropriated to carry out this part for any fiscal year is less than $250,000,000, then each State educational agency shall use 50 percent of the amount allotted to such State under paragraph (1) and not reserved pursuant to subsection (b)(2)(B)(i) to award grants to local educational agencies on a competitive basis.

[(d) REALLOTMENT.—If a State or local educational agency elects not to receive assistance under this part in any fiscal year or the Secretary determines in any fiscal year that a State or local educational agency will not be able to use all or any portion of the funds available to such State or local educational agency under this part, then the Secretary shall reallot such funds. The Secretary shall reallot such funds in such fiscal year in accordance with the provisions of this part among the States or local educational agencies who are eligible for assistance under this part and are not described in the preceding sentence.

[(e) DEFINITIONS.—For purposes of this part—

[(1) the term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the Republic of Palau (until the Compact of Free Association takes effect pursuant to section 101(a) of Public Law 99–658); and

[(2) the term "key academic subjects" means English, mathematics, science, history, geography, foreign languages, civics and government, and economics.

[SEC. 502. STATE APPLICATION.

[(a) IN GENERAL.—Any State which desires to receive an allotment under this part shall submit to the Secretary an application which—

[(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this part;

[(2) provides for a process of active discussion and consultation with a committee, convened by the chief State school officer, which is broadly representative of the following educational interests within the State, including—

[(A) a representative nominated by each of the following:

[(i) the State teacher organizations;

[(ii) the organizations representing preschool and early childhood education specialists;

[(iii) the State school administrators organization;

[(iv) the State parents organizations;

[(v) the State business organizations; and

[(vi) the State student organizations;

[(B) a representative from the State board of education;

[(C) a representative of faculty from departments, schools or colleges of educations;

[(D) other representatives of institutions of higher education, including community colleges;

[(E) the State director of vocational education; and

[(F) the State director of special education;

[(3) describes the competitive process that the State will use to distribute funds among local educational agencies pursuant to section 501(c);

[(4) describes the process the State will use to conduct the assessment required by section 504(c);

[(5) describes how the State will allocate funds among activities required under section 504;

[(6) with respect to the State academies to be established under sections 505 and 506—

[(A) describes the academies to be established under this part and the goals and objectives for each such academy;

[(B) describes how the academies assisted under this part shall relate to the overall plan for the attainment of the national education goals by the State;

[(C) describes the competitive process that shall be used to select applicants to operate the academies assisted under this part;

[(D) assures that the Academies for Teachers shall provide instruction in the key academic subjects;

[(E) assures that the State shall continue to operate the academies assisted under this part when Federal funds provided pursuant to this title are no longer available;

[(F) assures that Federal funds provided under this part shall not be used for construction of new facilities or substantial remodeling;

[(G) assures that the Academies for Teachers shall provide activities designed to enhance the ability of teachers to work with special educational populations, including—

[(i) limited-English proficient children;

[(ii) children with disabilities;

[(iii) economically and educationally disadvantaged children; and

[(iv) gifted and talented children; and

[(H) contains such other assurances and information as the Secretary may reasonably require;

[(7) describes the competitive process that the State will use to distribute funds among institutions of higher education pursuant to section 507;

[(8) describes a plan to promote learning among the State educational agency staff in order to support and facilitate systemic improvement of the State educational agency, schools or colleges of education at institutions of higher education, and local educational agencies; and

[(9) includes such other information and assurances as the Secretary may require.

[(b) FUNCTIONS OF COMMITTEE.—The application required by subsection (a) shall identify the procedures by which the committee required by paragraph (2) of such subsection will be engaged in—

[(1) ensuring that activities assisted under this part are effective, coordinated with other State, local, and Federal activities and programs, and meet the needs of the State for improving the quality of teaching and teacher education programs, including those programs concerned with preschool education and the training of early childhood education specialists, and school leadership programs;

[(2) advising the State on criteria for awarding funds under sections 501(c), 505, 506, and 507; and

[(3) advising the State on criteria for approving local educational agency applications under section 503(a).

[(c) EVALUATION AND REPORT.—

[(1) REPORT TO SECRETARY.—Each State educational agency receiving an allotment under this part shall evaluate the work of each academy that is located in the State and assisted under this part every 2 years, including the impact of each academy's programs on participants, and report the findings of such evaluation to the Secretary. The initial report shall be submitted 3 years after funds are first allotted to such State educational agency under section 501 and subsequent reports shall be submitted every 2 years thereafter. Such report shall also describe the characteristics of the participants and activities provided at each academy assisted under this part.

[(2) REPORT TO CONGRESS.—The Secretary shall submit to the Congress a summary of the reports required under subsection (a). The initial summary shall be submitted 60 days after the due date of the first report described in subsection (a) and subsequent summaries shall be submitted every 2 years thereafter.

[SEC. 503. LOCAL APPLICATION AND USE OF FUNDS.

[(a) LOCAL APPLICATION.—Any local educational agency which desires to receive assistance under section 501(b)(2)(A) or 501(c) shall submit to the State educational agency an application which—

[(1) describes the needs of such local educational agency with respect to inservice training programs for teachers and preschool and early childhood education specialists pursuant to the assessment conducted under subsection (b)(2)(A), and, if appropriate, describes the need of such local educational agency for teacher recruitment, business partnerships, outreach to military veterans, and the provision of other opportunities for teachers to improve their skills;

[(2) describes the process used to determine such needs, including consultation with teachers, preschool and early childhood specialists, principals, parents, representatives from departments, schools or colleges of education, and others in the community;

[(3) describes the activities such agency intends to conduct with the funds provided under section 501(b)(2)(A) or 501(c) consistent with the provisions of this section in order to improve the quality of teaching within such agency;

[(4) describes the processes and methods used to promote systematic improvement through continual learning in order to achieve agreed upon local, State and National standards; and

[(5) any other information that the State educational agency may reasonably require.

[(b) LOCAL USES OF FUNDS.—

[(1) IN GENERAL.—Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) shall use such funds for the inservice training of teachers and, if appropriate, for preschool and early childhood education specialists, and may use funds for—

[(A) development of programs to recruit individuals into the teaching profession and the field of early childhood education;

[(B) business partnerships;

[(C) outreach to military veterans; and

[(D) other purposes consistent with improving the quality of teaching in the local educational agency, as approved by the State educational agency.

[(2) INSERVICE TRAINING.—

[(A) In order to receive assistance under section 501(b)(2)(A) or 501(c), a local educational agency or a consortium of local educational agencies shall first assess the needs of such agency or agencies for inservice training.

[(B) Funds expended for inservice training shall be used, in accordance with the assessment conducted under subparagraph (A), for the cost of—

[(i) the expansion and improvement of inservice training and retraining of teachers and other appropriate school personnel, including vocational teachers, special education teachers, and preschool teachers, consistent with the assessment conducted under subparagraph (A);

[(ii) providing funds for grants for individual teachers within the local educational agency to undertake projects to improve their teaching ability or to improve the instructional materials used in their classrooms;

[(iii) activities designed to address the effects of chronic community violence on children, such as violence counseling training for teachers and early childhood specialists, and activities and training aimed at resolving conflicts;

[(iv) activities designed to enhance the ability of teachers to work with culturally diverse students;

[(v) activities designed to integrate academic and vocational education;

[(vi) as appropriate, activities designed to assist teacher participation in a Tech-Prep program under section 344 of the Carl D. Perkins Vocational and Applied Technology Act, in order to develop the skills of such teachers in activities such as organizational development leadership and interdisciplinary curricula development; and

[(vii) other activities consistent with the goals of this part as approved by the State educational agency.

[(C) Such activities may be carried out through agreements with institutions of higher education, nonprofit organizations, public agencies, and museums.

[(D) Activities related to inservice training shall be coordinated with such activities carried out under part A of title II of the Elementary and Secondary Education Act of 1965.

[(3) RECRUITMENT OF TEACHERS.—

[(A) Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) may use such assistance—

[(i) to establish, operate, or expand programs to encourage and recruit interested individuals to pursue a course of study that will lead to a career in education; and

[(ii) to establish, operate, or expand a program where such agency recruits students currently enrolled in a school in the local educational agency to be teachers or early childhood education specialists.

[(B) Activities under this paragraph may include—

[(i) academic and career counseling of and support services for students;

[(ii) programs in which students act as tutors while they are enrolled in schools in the local educational agency;

[(iii) programs in which students enrolled in institutions of higher education and other individuals tutor students within schools in the local educational agency;

[(iv) information and recruitment efforts to attract individuals into the teaching profession; and

[(v) programs to support early childhood education efforts at the preschool and school level.

[(C) In conducting programs under this paragraph, local educational agencies shall place a priority on recruiting students and individuals from minority groups.

[(D) Local educational agencies may conduct programs under this paragraph in consortia with institutions of higher education.

[(4) BUSINESS PARTNERSHIPS.—Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) may use such assistance to establish partnerships with representatives of the business community to sponsor—

[(A) programs which allow representatives of local business or firms to go into the classroom and work with the classroom teacher to provide instruction in subject areas where the expertise of the teacher could be supplemented, especially in the subject areas of mathematics, science, and vocational and technology education training;

[(B) internship programs which provide an opportunity for classroom teachers to work in local businesses or firms to gain practical experience or to develop new skills or expertise;

[(C) programs which bring students and teachers into business settings to see applications of course work and in specialized areas, and to learn to use advanced technical equipment;

[(D) programs which allow representatives of local businesses and firms to work with school administrators to develop instructional material; and

[(E) other activities appropriate to forming a working relationship between business leaders and classroom leaders.

[(5) OUTREACH TO MILITARY VETERANS.—Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) may use such assistance to establish programs to inform United States military veterans of teaching opportunities and to provide assistance in the establishment of teaching opportunities for such veterans by—

[(A) planning and implementing informational and outreach programs leading to the development of programs specifically designed to inform United States military veterans about teaching opportunities and the qualifications necessary for such opportunities;

[(B) planning and implementing programs leading to the creation of teaching opportunities for such veterans;

[(C) supporting programs to assist such veterans to meet the qualifications to become teachers;

[(D) disseminating information on the program described in this paragraph and on sources of student financial assistance available under title IV of this Act and under programs administered by the Department of Veterans Affairs and other Federal agencies; and

[(E) making scholarships available to such military veterans under the same terms and conditions specified in subpart 1 of part C of this title.

[SEC. 504. STATE USES OF FUNDS.

[(a) IN GENERAL.—Each State educational agency receiving funds reserved pursuant to section 501(b)(2)(B)(ii)(I) shall use such funds—

[(1) first, to conduct a study of teacher education programs within such State, as required under subsection (c); and

[(2) secondly, for—

[(A) the establishment of State Academies for Teachers under section 505;

[(B) the establishment of State Academies for School Leaders under section 506; and

[(C) activities directly related to the implementation of the teacher education study required under subsection (c).

[(b) SPECIAL RULE.—If a State educational agency can demonstrate that the amount of funds reserved pursuant to section 501(b)(2)(B)(ii)(I) is insufficient to establish one State academy, then the State educational agency shall distribute such funds to local educational agencies in accordance with section 501(b)(2)(A) or 501(c) to carry out the activities described in section 503(b).

[(c) TEACHER EDUCATION STUDY.—

[(1) STUDY REQUIRED.—Each State educational agency receiving funds under this part shall, in consultation with insti-

tutions of higher education, local educational agencies, teachers, parents, the State legislature, the State board of education, and business, undertake a study of—

[(A) teacher education programs and State teacher professional development requirements, including programs and requirements intended to train preschool and early childhood education specialists; and

[(B) the State laws and regulations relating to such programs and requirements, including any standards or requirements for certification and licensure,

in order to determine if such programs and requirements are adequately preparing teachers to effectively educate students.

[(2) CONSIDERATIONS.—Such study shall consider whether such programs or requirements—

[(A) would be improved if teacher education programs were required to coordinate courses with other departments on campus in order to provide prospective teachers with a strong background in their subject matter;

[(B) integrate academic and vocational education instruction;

[(C) give enough flexibility in order to allow experimentation and innovation;

[(D) would be improved if such programs provided preparation for students desiring to become teachers, but who are pursuing a bachelor's degree in an area of study other than education;

[(E) would be improved if teacher certification required a bachelor's degree in a subject area and a master's degree in education; and

[(F) would be improved if institutions of higher education that have developed innovative materials and curricula for inservice training were required to incorporate these improvements into their preservice programs.

[(3) DEADLINES.—

[(A) Such study shall be completed by two years from the end of the first fiscal year in which funding was made available for this part. The results of such study shall be reported to the Secretary. In submitting the report to the Secretary, the State educational agency shall include in the report the most successful practices used to enhance the profession of teaching. The Secretary may disseminate such successful practices in order to assist other States in their efforts to enhance the profession of teaching.

[(B) Except as provided in paragraph (4), beginning in the third fiscal year for which funding under this part is available, State educational agencies shall use all funds provided under section 501(b)(2)(B)(ii)(I) which are not allotted for State Academies for Teachers and State Academies for School Leaders—

[(i) to implement the program and policy changes resulting from the findings of such study; and

[(ii) to assist schools and programs of education throughout the State in meeting any new requirements that result from such study.

[(C) The State educational agency shall award grants pursuant to section 507(b)(9) to institutions of higher education to implement the programs and policy changes resulting from the findings of such study.

[(4) WAIVER.—If a State demonstrates to the Secretary that it has completed a study comparable to the study required by this subsection within the previous 5 years prior to the fiscal year for which funds are first made available under this part, then the Secretary may waive the requirements of this subsection. States receiving a waiver shall use funds provided under section 501(b)(2)(B)(ii)(I) to implement the program and policy changes resulting from the findings of such study. If the State can demonstrate to the Secretary that such program and policy changes have been implemented, then the State shall use funds provided under section 501(b)(2)(B)(ii)(I) to carry out the activities authorized under sections 505 and 506.

[SEC. 505. STATE ACADEMIES FOR TEACHERS.

[(a) PURPOSE; DEFINITIONS.—

[(1) PURPOSE.—It is the purpose of this section to improve elementary and secondary school teacher subject matter knowledge and teaching skills in each of the key academic subjects by establishing one or more Academies in the key academic subjects in every State.

[(2) DEFINITIONS.—For purposes of this section—

[(A) the term "Academy" means a course of instruction and related activities to increase a teacher's knowledge of a specific subject area, a teacher's ability to impart such knowledge to students, and a teacher's ability to address any other issue described in this section, except that such term—

[(i) does not mean a physical facility; and

[(ii) does not require a separate location from another Academy or other training program; and

[(B) the term "eligible entity" means a local educational agency, an institution of higher education, a museum, a private nonprofit educational organization of demonstrated effectiveness, or a consortium of any 2 or more of such entities.

[(b) APPLICATION REQUIRED.—

[(1) IN GENERAL.—Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State may reasonably require.

[(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall describe—

[(A) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches its goals;

[(B) the curriculum to be used or developed by the Academy;

[(C) steps to be taken to recruit teachers for the Academy's program, including outreach efforts to identify and attract—

[(i) minority group members;

[(ii) individuals with disabilities;

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students; and

[(iv) other teachers with the potential to serve as mentor teachers;

[(D) steps to be taken to ensure that faculty members teaching at the Academy shall be of exceptional ability and experience, including outreach efforts to identify and attract as faculty members—

[(i) minority group members;

[(ii) individuals with disabilities; and

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students;

[(E) efforts to be undertaken to disseminate information about the Academy;

[(F) selection criteria to be used in identifying teachers to participate in the Academy;

[(G) steps to be taken to assure that the programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge; and

[(H) efforts to be undertaken to evaluate the impact of the Academy on participants.

[(c) USE OF ALLOTTED FUNDS.—

[(1) GRANTS.—Each State educational agency receiving an allotment under this part shall use the funds reserved pursuant to section 501(b)(2)(B)(ii)(I) to award one or more competitive grants to eligible entities to enable such eligible entities to operate an Academy in accordance with the provisions of this section.

[(2) COORDINATION OF ACTIVITIES.—To the extent practicable, such academies shall coordinate efforts with teacher in-service activities of local educational agencies.

[(3) COMBINATION OF RESOURCES.—Each State educational agency receiving an allotment under this part may combine the funds reserved pursuant to section 501(b)(2)(B)(ii)(I) with such funds reserved by another State educational agency to operate academies assisted under this part on a multistate or regional basis.

[(4) COSTS.—Each eligible entity receiving a grant under this section shall use such funds to meet the operating costs of carrying out the activities described in subsection (d), which may include reasonable startup and initial operating costs, and costs associated with release time, stipends, travel, and living expenses for teachers who participate in the Academy's program if no other funds are available to pay such costs.

[(d) AUTHORIZED ACTIVITIES.—Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

[(1) renewal and enhancement of participants' knowledge in key academic subjects;

[(2) skills and strategies to improve academic achievement of students, especially students who are educationally disadvan-

taged, are limited-English proficient, are drug- or alcohol-exposed, or have disabilities;

[(3) improved teaching and classroom management skills;

[(4) techniques for the integration of academic and vocational subject matter, including the application of such techniques in tech/prep education programs;

[(5) the use of educational technologies in teaching the key academic subjects;

[(6) training needed to participate in curriculum development in a key academic subject;

[(7) training in the development and use of assessment tools;

[(8) review of existing teacher enhancement programs to identify the most promising approaches;

[(9) development of a curriculum for use by the Academy;

[(10) follow-up activities for previous participants;

[(11) dissemination of information about the Academy, including the training curricula developed; and

[(12) any other activities proposed by the applicant and approved by the State educational agency.

[(e) COST SHARING.—Funds received for this section may be used to pay not more than 75 percent of the cost of operating an Academy in the first year an eligible entity receives a grant under this section, 65 percent of such cost in such second year, 55 percent of such cost in such third year, 45 percent of such cost in such fourth year, and 35 percent of such cost in such fifth year. The remaining share shall be provided from non-Federal sources, and may be in cash or in-kind contributions, fairly valued.

[(f) SPECIAL RULES.—

[(1) USES OF FUNDS.—

[(A) KEY ACADEMIC SUBJECTS.—At least 70 percent of funds received for this section shall be used for enhancement of participant knowledge in key academic subjects.

[(B) OTHER SUBJECTS.—At least 20 percent of the funds received for this section shall be used for enhancement of participant knowledge in areas not related to academic subjects.

[(2) SPECIAL RULE.—In awarding grants under this section the State educational agency may provide for training in 2 or more key academic subjects at a single site.

[(3) ADDITIONAL ACADEMIES OR AWARDS.—If a State can demonstrate that the State's need for academies in key academic subjects has been met, and if the State can demonstrate that it is implementing the findings of the teacher education study described in section 504(c), then the State may use a portion of the amount reserved pursuant to section 501(b)(2)(B)(ii)(I) to establish one or more of the following academies or awards:

[(A) EARLY CHILDHOOD ACADEMIES.—A State educational agency may establish an academy aimed at early childhood education training. Such an academy shall give a priority to recruiting candidates from underrepresented groups in the early childhood education profession and shall provide intensive childhood training in violence counseling.

[(B) TECH-PREP ACADEMIES.—A State educational agency may establish an academy for—

[(i) assisting educators in secondary schools and community colleges to more effectively understand organizational structures and organizational change strategies;

[(ii) assisting educators to learn effective peer leadership strategies;

[(iii) assisting secondary school teachers and community college faculty to identify the knowledge and skills required in highly technical industries and workplaces;

[(iv) assisting secondary school teachers and community college faculty to apply creative strategies to the development of interdisciplinary curricula; and

[(v) assisting educators in integrating academic and vocational education.

[(C) TEACHER AWARDS.—(i) A State educational agency may make awards to State Academies for Teachers to provide for a program of cash awards and recognition to outstanding teachers in the key academic subject or subjects covered by the program of the Academy.

[(ii) Any full-time public or private elementary or secondary school teacher of a key academic subject or vocational and technology education subject, including an elementary school teacher of the general curriculum, shall be eligible to receive an award under this subparagraph.

[(iii) The amount of a teacher's award under this subparagraph shall not exceed $5,000 and shall be available for any purpose the recipient chooses.

[(iv) Each Academy receiving an award under clause (i) of this subparagraph shall select teachers to receive awards from nominations received from local educational agencies, public and private elementary and secondary schools, teachers, associations of teachers, parents, associations of parents and teachers, businesses, business groups, and student groups.

[(v) The Academy shall select award recipients under this subparagraph in accordance with criteria developed by the Academy and approved by the State educational agency. The selection criteria may take into account teacher's success in—

[(I) educating disadvantaged children and children with disabilities;

[(II) educating gifted and talented children;

[(III) encouraging students to enroll, and succeed, in advanced classes in a key academic subject or vocational and technology education subject;

[(IV) teaching a key academic subject or vocational and technology education subject successfully in schools educating large numbers of educationally disadvantaged students, including schools in low-income inner-city or rural areas;

[(V) introducing a new curriculum in a key academic subject into a school or strengthening an established curriculum;

[(VI) acting as a master teacher; and

[(VII) other criteria as developed by the Academies and approved by the State educational agency.

[SEC. 506. STATE ACADEMIES FOR SCHOOL LEADERS.

[(a) PURPOSE; DEFINITIONS.—

[(1) PURPOSE.—It is the purpose of this section to improve the training and performance of school principals and other school leaders and to increase the number of persons who are highly trained to be principals and school leaders by establishing an Academy for current and prospective school leaders in every State.

[(2) DEFINITIONS.—For the purpose of this section—

[(A) the term "Academy" means a course of instruction and related activities to increase a school leader's knowledge of the tools and techniques of school management and leadership, and such leader's ability to exercise such tools and techniques in the school setting, and may include a course of instruction for school district level system leaders separately or in combination with school leaders and teachers, except that such term—

[(i) does not mean a physical facility; and

[(ii) does not require a separate location from another Academy or other training program; and

[(B) the term "eligible entity" means a technical assistance center assisted under subpart 2 of part C of title V of this Act as such Act was in effect on the day before the date of enactment of the Higher Education Amendments of 1992, a local educational agency, an institution of higher education, a museum, a private nonprofit educational organization of demonstrated effectiveness, or a consortium of any 2 or more such entities.

[(b) APPLICATION REQUIRED.—

[(1) IN GENERAL.—(A) Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as the State may reasonably require. Such Academy may be operated in cooperation or consortium with an Academy of another State.

[(B) A priority for awards shall be given to entities who received funds under subpart 2 of part C of title V of the Higher Education Act as in effect on September 30, 1991.

[(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall describe—

[(A) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches its goals;

[(B) the curriculum to be used or developed by the Academy;

[(C) the steps to be taken to recruit school leaders for the Academy's program, including outreach efforts to identify and attract—

[(i) minority group members;

[(ii) individuals with disabilities;

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students; and

[(iv) other individuals with potential to become school leaders;

[(D) efforts to be taken to disseminate information about the Academy;

[(E) selection criteria to be used in identifying school leaders to participate in the Academy;

[(F) steps to be taken to assure that the programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge;

[(G) steps to be taken to assure the involvement of private sector managers and executives from businesses in the conduct of the Academy's programs; and

[(H) efforts to be undertaken to evaluate the impact of the Academy on participants.

[(c) USE OF ALLOTTED FUNDS.—

[(1) GRANTS.—Each State educational agency receiving an allotment under this part shall use the funds reserved pursuant to section 501(b)(2)(B)(ii)(I) to award a competitive grant to an eligible entity to enable such eligible entity to operate an Academy in accordance with the provisions of this subpart.

[(2) COSTS.—Each eligible entity receiving a grant under this section shall use such funds to meet the costs of carrying out the activities described in subsection (d), which may include reasonable startup and initial operating costs, and stipends, travel, and living expenses for participants in the Academy if no other funds are available to pay such costs.

[(3) LIMITATIONS.—

[(A) PARTICIPANTS.—At least 70 percent of the participants in an Academy shall be from the school building level.

[(B) SPECIAL RULE.—In awarding grants under this section, the State educational agency may provide for the location at the same site of Academies assisted under this section and Academies assisted under section 505.

[(d) AUTHORIZED ACTIVITIES.—Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

[(1) developing and enhancing of participants' knowledge in instructional leadership, school-based management, shared decisionmaking, school improvement strategies and school-level accountability mechanisms;

[(2) identifying candidates, including members of minority groups, individuals with disabilities, and individuals from schools with high numbers or concentrations of educationally disadvantaged students and individuals who are bilingual, to be trained as new school leaders;

[(3) conducting programs which provide for the involvement of private sector managers and executives from businesses;

[(4) identifying models and methods of leadership training and development that are promising or have proven to be successful;

[(5) providing intensive training and development programs for current school leaders seeking enhanced and up-to-date knowledge needed to perform their jobs effectively;

[(6) identifying local educational agencies and schools with principal and other school leader vacancies and working with such agencies and schools to match Academy participants with such vacancies;

[(7) facilitating internships for graduates of the program for new school leaders, under the guidance and supervision of experienced administrators;

[(8) providing periodic follow-up development activities for school leaders trained through the Academy's programs;

[(9) disseminating information about the Academy, including the training curricula developed;

[(10) coordinating activities with those of any State Academies for Teachers established in the State; and

[(11) any other activity proposed by the applicant in the application submitted pursuant to subsection (b) and approved by the State educational agency.

[(e) COST-SHARING.—Funds received under this section may be used to pay not more than 75 percent of the cost of operating an Academy in the first year an eligible entity receives a grant under this subpart, 65 percent of such cost in such second year, 55 percent of such cost in such third year, 45 percent of such cost in such fourth year, and 35 percent of such cost in such fifth year. The remaining share shall be provided from non-Federal sources, and be in cash or in kind, fairly valued.

[SEC. 507. INSTITUTIONS OF HIGHER EDUCATION USES OF FUNDS.

[(a) APPLICATIONS.—Institutions of higher education desiring to receive a grant under section 501(b)(2)(B)(ii)(II) shall submit to the State educational agency an application which—

[(1) describes the types of activities that the institution plans to undertake with funds provided;

[(2) describes the process used by the institution to determine the State's needs for improving teacher education and training for preschool and early childhood education specialists, including consulting with current students, teachers, representatives from local educational agencies, parents, and representatives from preschool and early childhood specialists;

[(3) if such institution is applying for a grant to assist local educational agencies in providing inservice training for teachers, describes the training and services that such institution plans to provide for teachers within the local educational agency and demonstrates that such training and services are consistent with the needs of the local educational agencies to be served;

[(4) if such institution is applying for a grant to establish a professional development academy, contains the information required pursuant to section 508;

[(5) describes how the institution plans to integrate academic and vocational teacher education programs; and

[(6) contains any other information that may be required by the State educational agency.

[(b) AWARDS.—The State educational agency shall award grants on a competitive basis to institutions of higher education that have departments, schools, or colleges of education. In awarding grants, the State educational agency shall award funds for the following purposes:

[(1) For the establishment of professional development academies pursuant to section 508.

[(2) For the establishment and maintenance of programs that provide teacher training to individuals who are moving to a career in education from another occupation.

[(3) For institutions of higher education in consultation and cooperation with a local educational agency or a consortium of local educational agencies, to develop and provide technical assistance to local education agencies in providing inservice training for teachers.

[(4) For improving teacher education programs in order to further innovation in teacher education programs within an institution of higher education and to better meet the needs of the local educational agencies for well-prepared teachers.

[(5) For improving training for preschool and early childhood education specialists, including preschool and early intervention services for infants and toddlers with disabilities, in order to further innovation in such programs with institutions of higher education and to better meet the needs of preschool and early childhood education programs for well-prepared personnel.

[(6) To integrate the instruction of academic and vocational teacher education programs.

[(7) For activities to encourage individuals, especially individuals from minority groups, to pursue a career in education.

[(8) For expanding cooperative educational programs between State educational agencies and offices, schools, and school systems, institutions of higher education, appropriate educational entities, and private sector establishments involved in education between the United States and the Republic of Mexico for the purpose of providing bilateral teaching initiatives and programs that provide teacher training experiences between the educational communities of the United States and those of the Republic of Mexico and to enhance mutually beneficial educational activities involving researchers, scholars, faculty members, teachers, educational administrators, and other specialists to lecture, teach, conduct research, and develop cooperative programs.

[(9) When the study of teacher education programs is completed in accordance with section 504(c), to implement the program and policy changes for teacher education programs resulting from the findings of such study.

[SEC. 508. PROFESSIONAL DEVELOPMENT ACADEMIES.

[(a) AUTHORITY; DEFINITIONS.—

[(1) AUTHORITY.—From amounts reserved pursuant to section 501(b)(2)(B)(ii)(II), the State educational agency is authorized to make grants to, and enter into contracts and coopera-

tive agreements with, eligible entities to plan, establish, and operate professional development academies.

[(2) DEFINITIONS.—For purposes of this section—

[(A) the term "Academy" means school-based teacher training operated as a partnership between one or more elementary or secondary schools and one or more institutions of higher education that provides prospective and novice teachers an opportunity to work under the guidance of master teachers and college faculty members. Such Academy shall be established for the purpose of—

[(i) the training of prospective and novice teachers (including preschool and early childhood education specialists, where appropriate) under the guidance of master teachers and teacher educators;

[(ii) the continuing development of experienced teachers;

[(iii) research and development to improve teaching and learning and the organization of schools;

[(iv) public demonstration of exemplary learning programs for diverse students; and

[(v) dissemination of knowledge produced in the research and development process;

except that such term—

[(i) does not mean a physical facility; and

[(ii) does not require a separate location from another Academy or other training program; and

[(B) the term "eligible entity" means a partnership that includes one or more local educational agencies and one or more institutions of higher education and may include teachers and the business community.

[(b) AWARDS AND RENEWALS.—An award made under this section may be in the form of a one-year planning grant. Such award may be renewed for implementation purposes without further competition annually for 4 additional years, upon submission of an evaluation of the project to the State educational agency and assurances that the recipient—

[(1) has achieved the goals set out in its application for the original term;

[(2) shows promise of continuing its progress;

[(3) will meet its share of the project costs; and

[(4) has developed a plan for continuing the Academy after Federal funding is no longer available.

[(c) APPLICATION REQUIRED.—

[(1) IN GENERAL.—Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State educational agency may reasonably require.

[(2) CONTENTS.—Each application submitted pursuant to subsection (a) shall describe—

[(A) what schools within the local educational agency and what institutions of higher education shall participate in the partnership or otherwise participate in the program;

[(B) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches such goals;

[(C) a plan for monitoring progress and evaluating the effectiveness of the Academy in meeting the goals it has developed for teacher and student performance;

[(D) a description of the partnership's plan for systemic change in education, and a description of the activities and services for which assistance is sought;

[(E) ways in which the professional development programs shall cover course content in key academic subjects, methods of instruction, and classroom and school-based management skills;

[(F) plans to involve prospective and novice teachers in the programs offered by the Academy, including outreach efforts to identify and attract—

[(i) minority group members;

[(ii) individuals with disabilities; and

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students; and

[(G) estimates of the number of prospective and beginning teachers to be trained in the Academy in each year of the project and assurances that a significant number of prospective and beginning teachers will be trained in the Academy in each year of the project.

[(3) ASSURANCES.—Each application submitted pursuant to this subsection shall contain assurances that—

[(A) professional development programs at the Academy shall be designed and conducted by faculty members from institutions of higher education and teachers from local schools of demonstrated excellence;

[(B) in establishing the Academy, the applicant has consulted with teachers, administrators, and parents who will be affected at the teaching school site;

[(C) participating faculty from institutions of higher education shall include faculty members who are experts in the key academic subjects; and

[(D) the activities, services and programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge.

[(4) PRIORITIES.—In making awards under this part, the State educational agency shall give priority to applicants that—

[(A) select Academy sites based on need, as evidenced by such measures as a high rate of teacher attrition or a high proportion of the student body at risk of educational failure;

[(B) propose projects that demonstrate the strong commitment to or previous active support for educational innovation;

[(C) propose projects that demonstrate collaboration with other educational organizations, social or human service agencies, other community organizations, and the business community in the teaching school's operation;

[(D) demonstrate potential for a significant impact on the quality of the future education work force; and

[(E) demonstrate the long-term feasibility of the partnership.

[(5) SPECIAL RULES.—Each such application shall describe—

[(A) how the local educational agency will address the need to change or waive a local rule or regulation that is found by an Academy to impede the school's progress in achieving its goals; and

[(B) how partners that are institutions of higher education will involve the School of Education, the School of Arts and Sciences, and the School of Technology or Engineering and any other department of the institution.

[(d) USE OF ALLOTTED FUNDS.—

[(1) PERMITTED USES.—Each eligible entity receiving a grant under this section shall use such funds to meet the operating costs of carrying out the activities described in subsection (e), which may include reasonable startup and initial operating costs, staff development, purchase of books, materials, and equipment, including new technology, costs associated with release time, payment of personnel directly related to the operation of the Academy, and participation in the activities of a network of Academies.

[(2) LIMITATIONS.—The Secretary may limit the amounts of funds that may be used for minor remodeling and the purchase of equipment under this part.

[(e) AUTHORIZED ACTIVITIES.—Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

[(1) training and internship activities for prospective or novice teachers in a school setting under the guidance of master or mentor teachers and faculty from institutions of higher education, especially faculty who are experts in key academic subjects;

[(2) mentoring and induction activities for prospective and novice teachers, including such teachers seeking to enter teaching through alternative routes;

[(3) participation of experienced teachers in the internship training and assessment of prospective and beginning teachers;

[(4) teaching skills and strategies to increase the ability of prospective, novice and experienced teachers to teach disadvantaged students, students with disabilities (including students with severe and multiple disabilities and students with lesser known or newly emerging disabilities), students who are limited-English proficient, and students from diverse cultural backgrounds;

[(5) programs to enhance teaching and classroom management skills, including school-based management skills, of novice, prospective and experienced teachers;

[(6) experimentation and research to improve teaching and learning conducted in the Academy by teachers and university faculty;

[(7) activities to integrate academic and vocational education;

[(8) training and other activities to promote the continued learning of experienced teachers, especially in their subject matter knowledge and how to teach it;

[(9) participation of expert practicing teachers and administrators in the university-based education studies of prospective teachers;

[(10) activities designed to disseminate information about the teaching strategies acquired through the Academy with other teachers in the district's schools;

[(11) organizational restructuring, including the introduction of new roles and staffing patterns in the school and university;

[(12) activities intended to address the effects of chronic community violence, such as violence counseling and conflict resolution training; and

[(13) other activities proposed by the applicant and approved by the Secretary.

[(f) COST-SHARING.—Funds received under this section may be used to pay 100 percent of the cost of a planning grant and not more than 75 percent of the cost of operating an Academy in the first 2 years an eligible entity receives a grant under this subpart and not more than 50 percent of such cost in such third and fourth years. The remaining share shall be provided from non-Federal sources, and may be in-kind, fairly valued.

[SEC. 509. FEDERAL FUNDS TO SUPPLEMENT, NOT SUPPLANT REGULAR NONFEDERAL FUNDS.

[A State educational agency, local educational agency, or institution of higher education may use funds received under this part only so as to supplement and, to the extent practicable, increase the level of funds that would be available from non-Federal sources for the uses of funds under this part and in no case may such funds be so used as to supplant such funds from such non-Federal sources.

[SEC. 510. COORDINATION WITH OTHER PROGRAMS.

[The State educational agency shall ensure that activities conducted under this part shall be consistent with the goals and objectives of any Federal or State systemic educational reform activities.

[SEC. 510A. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $350,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART B—NATIONAL TEACHER ACADEMIES

[SEC. 511. PROGRAM ESTABLISHED.

[(a) IN GENERAL.—The Secretary is authorized, in accordance with the provisions of this part, to make grants to eligible recipients to establish and operate National Teacher Academies.

[(b) SUBJECT AREAS AND STAFF.—

[(1) SUBJECT AREAS.—At least 1 but not more than 3 National Teacher Academies shall be established in each of the following subject areas commonly taught in elementary and secondary schools:

[(A) English.

[(B) Mathematics.
[(C) Science.
[(D) History.
[(E) Geography.
[(F) Civics and government.
[(G) Foreign languages.

[(2) STAFF.—Academy staff shall be selected from the most accomplished and prominent scholars in the relevant fields of study and in the methodologies which improve the skills of persons who teach in such fields of study.

[(c) DURATION OF GRANT.—Each grant to establish and operate a National Teacher Academy shall be for a period of 3 years, and is renewable.

[(d) COMPETITIVE GRANT AWARDS.—The Secretary shall award grants under this part on a competitive basis.

[(e) CONSISTENCY WITH SYSTEMIC REFORMS.—In awarding grants under this part, the Secretary shall ensure that activities conducted under this part are consistent with the goals and objectives of other Federal or State systemic educational reform activities.

[SEC. 512. ELIGIBLE RECIPIENTS.

[(a) IN GENERAL.—For the purposes of this part, the term "eligible recipient" means—

[(1) an institution of higher education;

[(2) a private nonprofit educational organization of demonstrated effectiveness; or

[(3) a combination of the institutions or organizations set forth in paragraphs (1) and (2) of this paragraph.

[(b) EXPERTISE REQUIREMENTS.—The Secretary shall only award grants to eligible recipients that have demonstrated expertise in the—

[(1) subject area of the National Teacher Academy to be established and operated; and

[(2) in-service training of teachers at the national, State, and local levels.

[SEC. 513. USE OF FUNDS.

[(a) IN GENERAL.—Funds provided pursuant to this part shall be used to—

[(1) provide in-service training programs for teachers and administrators, including—

[(A) programs which emphasize improving the teachers' knowledge in the particular subject area of the National Teacher Academy;

[(B) programs which integrate knowledge of subject matter with techniques for communicating that knowledge to students, including students who are disadvantaged, limited-English proficient, drug- or alcohol-exposed, or who have disabilities;

[(C) the use of the most recent applied research findings concerning education and the classroom; and

[(D) integration of materials from different disciplines into classroom instruction, especially for elementary school teachers;

[(2) conduct each year at least one summer institute of at least 3 weeks duration for the State delegations described in section 515; and

[(3) provide support services to the State Academies for Teachers, including—

[(A) the establishment of a national network of individuals to assist in teacher education programs in State Academies for Teachers;

[(B) consultation assistance in the design and implementation of in-service teacher training programs; and

[(C) monthly newsletters or other methods of communicating useful information.

[(b) ADMINISTRATIVE COSTS.—Not more than 10 percent of the amount of funds received under this part may be used by an eligible recipient for administrative costs.

[SEC. 514. APPLICATION.

[(a) APPLICATION.—Each eligible recipient desiring a grant under this part shall submit an application to the Secretary at such time and in such manner as the Secretary may reasonably require.

[(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall—

[(1) describe the activities, services, and programs for which assistance is sought;

[(2) describe how at least 70 percent of the National Teacher Academy's time shall be devoted to basic course content relevant to the particular subject field and necessary for improving the quality of teaching in public and private elementary and secondary schools;

[(3) describe how not more than 30 percent of the National Teacher Academy's time shall be devoted to methods of instruction relevant to the particular subject field;

[(4) describe how the National Teacher Academy's activities will be coordinated with or administered cooperatively with institutes established by other Federal entities, such as the National Science Foundation and the National Endowment for the Humanities; and

[(5) provide such additional assurances or information as the Secretary may reasonably require.

[SEC. 515. STATE DELEGATIONS.

[(a) IN GENERAL.—Each selection panel established pursuant to section 516(b) shall select a State delegation to participate in each National Teacher Academy assisted under this part.

[(b) COMPOSITION.—

[(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), each State delegation described in subsection (a) shall, at a minimum, be composed of—

[(A) 1 school administrator with authority to design and conduct in-service teacher training and academic programs; and

[(B) at least 5 teachers, of whom at least 2 shall be elementary school teachers.

[(2) SPECIAL RULE.—The State delegations for the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Is-

lands, American Samoa and the Republic of Palau (until the Compact of Free Association is ratified) shall, at a minimum, be composed of—

[(A) 1 school administrator with authority to design and conduct in-service teacher training and academic programs; and

[(B) at least 3 teachers, of whom at least 1 shall be an elementary school teacher.

[(3) ADDITIONAL TEACHERS.—

[(A) Each State that has obtained the approval of the appropriate National Teacher Academy may send to such National Teacher Academy the number of additional teachers determined in accordance with subparagraph (B).

[(B) The appropriate National Teacher Academy shall determine the number of additional teachers to attend such National Teacher Academy on the basis of the number of full-time equivalent teachers in the State compared to such number in all States.

[(c) DUTIES.—Each State delegation shall—

[(1) attend the appropriate subject area summer institute at the appropriate National Teacher Academy; and

[(2) after participation in the National Teacher Academy assist in the development and operation of the appropriate National Teacher Academy.

[SEC. 516. SELECTION.

[(a) IN GENERAL.—Individuals participating in a National Teacher Academy shall be selected by the selection panel described in subsection (b) in accordance with the provisions of section 515.

[(b) SELECTION PANEL.—

[(1) ESTABLISHMENT.—Each State educational agency receiving assistance under part A of this title shall establish a 10-member selection panel to select teachers to attend the National Teacher Academies established pursuant to this part.

[(2) COMPOSITION AND REPRESENTATION.—

[(A) COMPOSITION.—At least 50 percent of the membership of each selection panel shall be classroom teachers, selected in consultation with teacher organizations, if any, in the State.

[(B) REPRESENTATION.—The composition of each selection panel shall be broadly representative of the elementary and secondary schools and the State.

[(3) FUNCTION.—Each selection panel shall—

[(A) annually select the State delegations in accordance with section 515; and

[(B) involve the individuals selected pursuant to subparagraph (A) in the operation of the State academies, if any, or other in-service training activities in the local educational agency in which such individuals teach.

[SEC. 517. NATIONAL TEACHER ACADEMY EVALUATION.

[The Secretary shall evaluate the system of National Teacher Academies and the effects of such academies on teachers every 2 years. The Secretary shall make available to the Congress and the public the results of such evaluation.

[SEC. 518. AUTHORIZATION OF APPROPRIATIONS.

[(a) IN GENERAL.—There are authorized to be appropriated $35,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years to carry out the provisions of this part, of which not more than $5,000,000 shall be available for each of the National Teacher Academy subject areas listed in section 511(b)(1).

[(b) SPECIAL RULES.—

[(1) APPROPRIATIONS LESS THAN $14,000,000.—If the amount appropriated pursuant to the authority of subsection (a) is less than $14,000,000, then not more than $2,000,000 shall be available for each National Teacher Academy subject area in the order in which such subject areas are listed in section 511(b)(1), until such funds are expended.

[(2) APPROPRIATIONS EQUAL TO OR IN EXCESS OF $14,000,000.—If the amount appropriated pursuant to the authority of subsection (a) is equal to or exceeds $14,000,000, then such funds as equals or exceeds $14,000,000 shall be allocated equitably among each of the National Teacher Academy subject areas listed in section 511(b)(1).]

PART C—TEACHER SCHOLARSHIPS AND FELLOWSHIPS

[Subpart 1—Paul Douglas Teacher Scholarships

[SEC. 521. PURPOSE; DESIGNATION.

[(a) PURPOSE.—It is the purpose of this subpart to make available, through grants to the States, scholarships to individuals who are outstanding secondary school graduates and who demonstrate an interest in teaching, in order to enable and encourage those individuals to pursue teaching careers in education at the preschool, elementary or secondary level.

[(b) DESIGNATION.—Scholarships awarded under this subpart shall be referred to as the "Paul Douglas Teacher Scholarships".

[SEC. 522. ALLOCATION AMONG STATES.

[(a) ALLOCATION.—From the sums appropriated for this subpart for any fiscal year, the Secretary shall allocate to any State an amount based on the school-age population in the State compared to the school-age population in all States.

[(b) USE OF CENSUS DATA.—For the purpose of this section, the number of persons in a State and in all States shall be determined by the most recently available data from the Bureau of the Census.

[SEC. 523. GRANT APPLICATIONS.

[(a) SUBMISSION OF APPLICATIONS.—The Secretary is authorized to make grants to States in accordance with the provisions of this subpart. In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth a program of activities for carrying out the purposes set forth in section 521 in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies,

procedures, and assurances as the Secretary may require by regulation.

[(b) CONTENT OF APPLICATIONS.—The Secretary shall approve an application under this subpart only if the application—

[(1) describes the selection criteria and procedures to be used by the State in the selection of scholarship recipients under this subpart;

[(2) designates as the State agency responsible for administering the grants received under this subpart the State agency which administers the program under subpart 4 of part A of title IV (relating to State student incentive grants), the State agency with which the Secretary has an agreement under section 428(b), or another appropriate State agency approved by the Secretary;

[(3) describes the outreach effort the State agency intends to use to publicize the availability of Paul Douglas Scholarships to secondary school students in the State;

[(4) describes how the State will inform recipients, upon receipt of the award, of current and projected teacher shortages and surpluses within the State;

[(5) provides assurances that each recipient eligible under section 525(b) of this subpart who receives a Paul Douglas Scholarship shall enter into an agreement with the State agency under which the recipient shall—

[(A) within the 10-year period after completing the postsecondary education for which the Paul Douglas Teacher Corps Scholarship was awarded, teach for a period of not less than 2 years for each year for which assistance was received, in a public or private nonprofit preschool, elementary, or secondary school in any State, or, on a full-time basis, children with disabilities or children with limited English proficiency in a private nonprofit school, except that, in the case of individuals who teach in a shortage area established by the Secretary pursuant to section 530A, the requirements of this subparagraph shall be reduced by one-half;

[(B) provide the State agency evidence of compliance with section 526 as required by the State agency; and

[(C) repay all or part of a Paul Douglas Scholarship received under section 524 plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under section 527, in the event that the conditions of subparagraph (A) are not complied with, except as provided for in section 528;

[(6) provides that the agreement entered into with recipients shall fully disclose the terms and conditions under which assistance under this subpart is provided and under which repayment may be required, including—

[(A) a description of the procedures required to be established under paragraph (7); and

[(B) a description of the appeals procedures required to be established under paragraph (8) under which a recipient may appeal a determination of noncompliance with any provision under this subpart;

[(7) provides for procedures under which a recipient of assistance received under this subpart who teaches for less than the period required under paragraph (5)(A) will have the repayment requirements reduced or eliminated consistent with the provisions of sections 527 and 528;

[(8) provides for appeals procedures under which a recipient may appeal any determination of noncompliance with any provision under this subpart; and

[(9) provides assurances that the State agency shall make particular efforts to attract students from low-income backgrounds; ethnic and racial minority students; individuals with disabilities; other individuals from groups historically underrepresented in teaching; individuals who express a willingness or desire to teach in rural schools, urban schools, or schools having less than average academic results or serving large numbers of economically disadvantaged students; or women or minorities who show interest in pursuing teaching careers in mathematics and science and who are underrepresented in such fields.

[(c) SELECTION CRITERIA AND PROCEDURES.—The State educational agency, in cooperation with the State higher education agency, and pursuant to scholarship selection criteria included in section 525, shall establish criteria to select Paul Douglas Teacher Scholarship recipients. These criteria shall be intended to attract highly qualified individuals into teaching, to ensure that these students are enrolled or are accepted for enrollment in approved teacher education programs, and to meet the present and projected needs of States in addressing teacher shortages, including the demand for and supply of early childhood and elementary teachers in the State, the demand for and supply of secondary teachers in the State, and the demand for teachers with training in specific academic disciplines in the State.

[(d) SPECIAL CONSIDERATION.—The State educational agency, in cooperation with the State higher education agency, shall give special consideration in the selection of scholarship recipients to individuals who—

[(1) intend to teach or provide related services to students with disabilities;

[(2) intend to teach limited English proficient students;

[(3) intend to teach preschool age children;

[(4) intend to teach in schools servicing inner city or rural or geographically isolated areas (as defined by the Secretary by regulations consistent with the purposes of this section);

[(5) intend to teach in curricular areas or geographic areas where there are demonstrated shortages of qualified teachers; or

[(6) are from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities, and are underrepresented in the teaching profession or in the curricular areas in which they are preparing to teach.

[(e) SOLICITATION OF VIEWS ON SELECTION CRITERIA AND PROCEDURES.—In developing the selection criteria and procedures to be used by the State, the State shall solicit the views of local edu-

cational agencies, private educational institutions, and other interested parties. Such views—

[(1) shall be solicited by means of—

[(A) written comments; and

[(B) publication of proposed selection criteria and procedures in final form for implementation; and

[(2) may be solicited by means of—

[(A) public hearings on the teaching needs of elementary and secondary schools in the State (including the number of new teachers needed, the expected supply of new teachers, and the shortages in the State of teachers with specific preparation); or

[(B) such other methods as the State may determine to be appropriate to gather information on such needs.

[SEC. 524. AMOUNT AND DURATION OF AND RELATION TO OTHER ASSISTANCE.

[(a) LIMITATIONS ON AMOUNT AND DURATION.—Subject to subsection (c) each Paul Douglas Teacher Scholarship recipient shall receive a $5,000 scholarship for each academic year of postsecondary education for study in preparation to become a preschool, special education, elementary, or secondary teacher. No individual shall receive scholarship assistance for more than 4 years of postsecondary education, as determined by the State agency.

[(b) CONSIDERATION OF AWARD IN OTHER PROGRAMS.—Notwithstanding the provisions of title IV of this Act, scholarship funds awarded pursuant to this part shall be considered in determining eligibility for student assistance under title IV of this Act.

[(c) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—No individual shall receive an award under the Paul Douglas Teacher Scholarship established under this subpart, in any academic year, which exceeds the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending. A scholarship awarded under this part shall not be reduced on the basis of the student's receipt of other forms of Federal student financial assistance, but shall be taken into account in determining the eligibility of the student for those other forms of Federal student financial assistance.

[SEC. 525. SELECTION OF PAUL DOUGLAS TEACHER SCHOLARS.

[(a) SELECTION BY STATEWIDE PANELS.—Paul Douglas Teacher Scholars shall be selected by a 7-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing grant agency or panel designated by the chief State elected official and approved by the Secretary. The statewide panel shall be representative of school administrators, teachers, including preschool and special education teachers, and parents.

[(b) ELIGIBILITY FOR SELECTION; SELECTION CRITERIA AND PROCEDURES.—Selections of Paul Douglas Scholars shall be made from students who have graduated or who are graduating from secondary school and who rank in the top 10 percent of their graduating class. The State educational agency shall make applications available to public and private nonprofit secondary schools in the State and in other locations convenient to applicants, parents, and oth-

ers. The statewide panel shall develop criteria and procedures for the selection of Paul Douglas Scholars. Such criteria may include the applicant's secondary school grade point average, involvement in extracurricular activities, financial need, and expression of interest in teaching as expressed in an essay written by the applicant. The panel may also require the applicant to furnish letters of recommendation from teachers and others.

[(c) WAIVERS.—For purposes of giving special consideration under section 523(d), a State may waive the criteria contained in the first sentence of subsection (b) for not more than 25 percent of individuals receiving Paul Douglas Teacher Scholarships on or after July 1, 1993.

[SEC. 526. SCHOLARSHIP CONDITIONS.

[Recipients of scholarship assistance under this subpart shall continue to receive such scholarship payments only during such periods that the State agency finds that the recipient is—

[(1) enrolled as a full-time student in an accredited postsecondary institution;

[(2) pursuing a course of study leading to teacher certification; and

[(3) maintaining satisfactory progress as determined by the postsecondary institution the recipient is attending.

[SEC. 527. SCHOLARSHIP REPAYMENT PROVISIONS.

[Recipients found by the State agency to be in noncompliance with the agreement entered into under section 523(b)(5) of this subpart shall be required to repay a pro rata amount of the scholarship awards received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of title IV of this Act) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

[SEC. 528. EXCEPTIONS TO REPAYMENT PROVISIONS.

[(a) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to section 523(b)(5)(C) during any period in which the recipient—

[(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

[(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

[(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

[(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

[(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

[(6) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or education program for a single period not to exceed 27 months; or

[(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

[(b) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.—A recipient shall be excused from repayment of any scholarship assistance received under this subpart if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

[SEC. 529. FEDERAL ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW.

[(a) DISAPPROVAL HEARING REQUIRED.—The Secretary shall not finally disapprove any application for a State program submitted under section 523, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

[(b) SUSPENSION OF ELIGIBILITY.—Whenever the Secretary, after reasonable notice and opportunity for a hearing to the State agency administering a State program approved under this subpart, finds—

[(1) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

[(2) that in the administration of the program there is a failure to comply substantially with any such provisions,

the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

[(c) COURT REVIEW.—

[(1) IN GENERAL.—If any State is dissatisfied with the Secretary's final action under subsection (b) (1) or (2), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Secretary shall forthwith certify and file in the court the transcript of the proceedings and the record on which the action was based.

[(2) FINDINGS.—The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify any previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

[(3) JURISDICTION.—The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

[SEC. 530. EVALUATION.

[(a) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent evaluation of recipients of scholarship assistance under this subpart, which shall summarize and evaluate the State activities assisted under this subpart and the performance of such recipients. The evaluation shall assess the impact of the scholarship program assisted under this subpart to determine whether such program has brought into teaching a significant number of highly able individuals who otherwise would not have entered teaching.

[(b) CONTENTS.—The evaluation described in subsection (a) shall include—

[(1) a description of the characteristics, including the educational preparation and achievement, of recipients of scholarship assistance under this subpart compared to similar students participating in teacher training who do not receive such scholarships;

[(2) the rate at which such recipients successfully complete academic training and go on to teaching careers in preschool, elementary, or secondary education, compared to such rate for similar individuals who do not receive scholarship assistance under this subpart;

[(3) the extent to which it is possible to determine objectively that the receipt of scholarship assistance under this subpart was the primary reason for an individual's choice of a teaching education and career;

[(4) the extent to which such recipients comply with the provisions of this subpart;

[(5) the length of time such recipients remain in teaching careers, compared to similar teachers who do not receive scholarships;

[(6) the barriers to the effectiveness of the program assisted under this subpart; and

[(7) the cost-effectiveness of such program in improving teacher quality and quantity.

[(c) EVALUATION REPORTS.—The Secretary shall submit such interim evaluation reports to the President and the Congress as may be appropriate, and shall submit a final report on or before January 1, 1997.

[(d) FUNDING.—The Secretary shall reserve a total of not more than $1,000,000 from the amounts appropriated pursuant to the authority of section 530B in fiscal years 1993 through 1997 to carry out this section.

[SEC. 530A. DESIGNATION OF SHORTAGE AREAS.

[For the purposes of this part, the term "shortage areas" means (1) geographic areas of the State in which there is a shortage of preschool, elementary, and secondary school teachers, and (2) an area of shortage of preschool, elementary, and secondary school teachers in specific grade levels and in specific academic, instructional, subject matter, and discipline classifications. Such shortage areas shall be prescribed by the Secretary, in consultation with the chief State school officer or, in the case of nonprofit private elementary or secondary schools, with appropriate officials of nonprofit private schools in each State in accordance with this section. In

carrying out the provisions of this section, the Secretary shall give special consideration to areas in which emergency certification of individuals in a State is being used to correct teacher shortages and to States which have retirement laws permitting early retirement.

[SEC. 530B. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $26,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.]

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[Subpart 3—Teacher Corps

[SEC. 541. TEACHER CORPS PROGRAM AUTHORIZED.

[(a) GRANTS BY THE SECRETARY.—In any fiscal year in which the appropriations for this subpart do not equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants, on a competitive basis, to State educational agencies to carry out Teacher Corps activities.

[(b) STATE GRANT PROGRAM.—In any fiscal year in which the appropriations for this subpart equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to State educational agencies from allocations under subsection (c) to carry out Teacher Corps activities.

[(c) ALLOCATION.—Except as provided in subsection (a), each State educational agency shall be eligible to receive a grant under this subpart in each fiscal year that bears the same ratio to the amount appropriated under section 548 in that fiscal year as the school-age population of the State bears to the school-age population of all States.

[(d) TEACHER CORPS SCHOOL.—For the purpose of this subpart the term "Teacher Corps school" means a public elementary or secondary school identified by the State educational agency as having the highest levels of poverty and the lowest levels of student achievement based on a ranking of such elementary schools and secondary schools in the State according to the number of children living in poverty and the levels of student achievement. In carrying out the preceding sentence, the State educational agency shall identify and inform not more than 10 percent of such elementary schools and not more than 10 percent of such secondary schools in the State which have the highest levels of poverty and the lowest levels of student achievement.

[(e) DESIGNATION.—

[(1) SCHOLARSHIP.—A scholarship awarded under this subpart shall be referred to as a "Teacher Corps scholarship".

[(2) RECIPIENT.—A recipient of a scholarship under this subpart shall be referred to as a "Teacher Corps member".

[SEC. 542. USE OF FUNDS.

[(a) SECRETARY.—The Secretary shall use funds provided pursuant to this subpart to—

[(1) disseminate information nationally about the availability of scholarships under this subpart;

[(2) conduct activities, with the cooperation of the State and local educational agencies, which foster communication among, and bring together, members of the Teacher Corps, including activities such as written communications, meetings, or training sessions;

[(3) establish and conduct summer preservice orientation programs for Teacher Corps members about to begin teaching;

[(4) ensure that Teacher Corps members recognize the challenges of teaching in a Teacher Corps school;

[(5) inform Teacher Corps members of Teacher Corps schools and facilitate the hiring and placement of Teacher Corps members at Teacher Corps schools;

[(6) evaluate applications from and award grants to State educational agencies to enable such agencies to award Teacher Corps scholarships in accordance with the provisions of this subpart; and

[(7) collect scholarship repayments from individual Teacher Corps members, in accordance with the provisions of section 546.

[(b) STATE EDUCATIONAL AGENCY.—Each State educational agency receiving a grant under this subpart shall use such grant funds to—

[(1) evaluate applications for Teacher Corps membership and award scholarships to Teacher Corps members;

[(2) provide technical assistance to local educational agencies establishing and operating induction programs;

[(3) ensure that Teacher Corps members understand the obligation to repay the scholarships received under this subpart upon failure to comply with the conditions of the scholarship; and

[(4) ensure that Teacher Corps members are fulfilling the obligation to repay scholarships received under this subpart, and provide the Secretary with the names and addresses of Teacher Corps members who have not fulfilled such obligation.

[(c) SPECIAL RULE.—The Secretary may enter into contracts with or make grants to nonprofit educational organizations for—

[(1) recruiting members of the Teacher Corps;

[(2) establishing and conducting summer preservice training programs; and

[(3) conducting activities that foster communications among and bring together members of the Teacher Corps.

[(d) RESERVATIONS.—Each State receiving a grant under this subpart may reserve—

[(1) 5 percent of such grant funds to provide technical assistance to local educational agencies and to pay administrative costs; and

[(2) 5 percent of such grant funds to provide for induction and mentoring programs.

[(e) SPECIAL RULE.—Each State educational agency receiving a grant under this subpart may enter into contracts with or award grants to nonprofit educational agencies to conduct the activities described in subsection (b).

[SEC. 543. TEACHER CORPS.

[(a) SELECTION.—The State educational agency shall select Teacher Corps members.

[(b) CRITERIA.—

[(1) IN GENERAL.—The State educational agency shall establish criteria to select Teacher Corps members that are intended to—

[(A) attract highly qualified individuals to teaching; and

[(B) meet the needs of Teacher Corps schools in addressing teacher shortages.

[(2) CRITERIA.—The criteria described in paragraph (1) may include—

[(A) in the case of students or recent graduates, outstanding academic records, or in other cases, contributions which may be made by individuals working in other careers; and

[(B) a demonstrated commitment to teaching or professional experience in substantive fields of expertise in which the State is experiencing or expects to experience teacher shortages.

[(c) SPECIAL CONSIDERATION.—The State educational agency, in selecting Teacher Corps members, shall give special consideration to individuals who—

[(1) intend to teach or provide related services to students with disabilities;

[(2) intend to teach limited-English proficient students;

[(3) intend to teach preschool age children;

[(4) are from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities;

[(5) are members of populations that are underrepresented in the teaching profession or in the curricular areas in which such individuals are preparing to teach;

[(6) intend to teach in the areas of science or mathematics, especially women and minorities who are underrepresented in such fields; or

[(7) intend to teach on Indian reservations or in Alaska Native villages named or certified pursuant to section 3(c) of the Alaska Native Claims Settlement Act, Public Law 92–203, or in areas with high concentrations of Native Hawaiians.

[(d) APPLICATION.—Each individual desiring to participate in the program assisted under this subpart shall submit an application at such time, in such manner, and containing such information as the State educational agency may reasonably require.

[SEC. 544. STATE APPLICATION.

[In order to receive funds under this subpart, a State educational agency, in consultation with the Governor, shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Each such application shall—

[(1) describe how the State educational agency shall select Teacher Corps members;

[(2) identify Teacher Corps schools within the State, where Teacher Corps members shall be assigned, provided that not

more than 10 percent of all public schools in the State may be designated Teacher Corps schools;

[(3) provide assurances that the State educational agency, in cooperation with local educational agencies, shall assist in employment placement within such State for Teacher Corps members in Teacher Corps schools;

[(4) provide assurances that the State educational agency, in cooperation with local educational agencies, shall ensure that Teacher Corps members are paid at rates comparable to other entry level teachers in the school district where the Teacher Corps member is assigned;

[(5) provide assurances that the local educational agencies in which the Teacher Corps members shall be placed shall establish or expand induction programs that assist Teacher Corps members in adjusting to the new school and community where such members shall teach, including working with a mentor teacher in the school building where the Teacher Corps members are placed; and

[(6) describe how the State educational agency shall monitor and report to the Secretary not less than annually on the operation of programs assisted under this subpart and on the compliance of individuals who receive Teacher Corps scholarships with the provisions of this subpart.

[SEC. 545. SCHOLARSHIPS.

[(a) ELIGIBILITY.—

[(1) IN GENERAL.—An individual is eligible to receive Teacher Corps scholarships for a maximum of 3 years during enrollment in any of the following programs of study, or a combination thereof:

[(A) a program of study leading to a baccalaureate degree;

[(B) a 1- or 2-year postbaccalaureate program of study leading to a master's or specialist degree or a teaching certificate; or

[(C) a 2-year program of study leading to an associate's degree in early childhood education or early childhood development, or a 1-year program of study leading to a child development associate credential.

[(2) SPECIAL RULES.—(A) An individual pursuing a program of study described in subparagraph (B) of paragraph (1) is eligible to receive a Teacher Corps scholarship during any of the first 3 years that such individual is employed as a teacher to defray the costs of pursuing such postbaccalaureate instruction.

[(B) An individual in possession of a bachelor's degree, who wishes to enter teaching from another profession, is eligible to receive a Teacher Corps scholarship to enable such individual to receive the instruction necessary to enter the teaching profession, as determined by the State in which the individual wishes to teach. Such instruction may be provided while the individual is employed as a provisional teacher.

[(b) LIMITATIONS ON AMOUNT AND DURATION.—Subject to subsection (d), each Teacher Corps member shall receive a $5,000 scholarship for each academic year of postsecondary education, ex-

cept that no individual shall receive scholarship assistance for more than 3 years of postsecondary education (including postbaccalaureate), as determined by the Secretary.

[(c) CONSIDERATION OF AWARD IN OTHER PROGRAMS.—Each Teacher Corps scholarship awarded pursuant to this subpart shall be considered as student financial assistance in determining eligibility for student assistance under title IV.

[(d) ASSISTANCE NOT TO EXCEED NEED.—Each Teacher Corps scholarship, when added to assistance received under title IV, if any, shall not exceed the cost of attendance, as defined in section 472, at the institution the individual is attending. If the amount of the Teacher Corps scholarship and assistance received under title IV exceeds the cost of attendance, loans received under part B, D, or E of such title shall be reduced by an amount equal to the amount by which the combined awards exceed the cost of attendance.

[(e) CONTINUED ELIGIBILITY.—Each individual who receives a Teacher Corps scholarship shall continue to receive such scholarship payments only during such periods that the State educational agency finds that such individual is—

[(1) enrolled as a full-time student in an accredited postsecondary institution; and

[(2) maintaining satisfactory progress defined under section 484.

[SEC. 546. SCHOLARSHIP CONDITIONS.

[(a) SCHOLARSHIP AGREEMENT.—Each individual receiving a scholarship under this subpart shall enter into a written agreement with the State educational agency which shall provide assurances that each such individual—

[(1) shall pursue a course of study which meets State requirements for teacher preparation;

[(2) has completed at least 2 years of undergraduate education at an institution of higher education;

[(3) shall maintain satisfactory academic progress and participate in teaching-related activities while in undergraduate or post-baccalaureate programs;

[(4) shall work as a teacher upon completion of such individual's education for 3 years in a Teacher Corps school, as identified by the State educational agency pursuant to section 541(d), except that Teacher Corps members may transfer to another such school within the State or in another State upon approval of the State educational agency;

[(5) in carrying out the obligation described in paragraph (4), shall meet the performance requirements of—

[(A) the school in which such individual teaches; and

[(B) the local educational agency exercising administrative control or direction of, or performing a service function for such school;

[(6) shall repay all or part of a Teacher Corps scholarship received under section 545(b) plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under subsection (b), in the event that the conditions of this subsection are not complied with, except as provided for in subsection (c);

[(7) at least during the first year of employment, shall participate in an induction program which includes working with a mentor teacher selected by the local educational agency in which the Teacher Corps member is employed and who, to the extent practicable, is teaching in the same subject as the Teacher Corps member; and

[(8) who is not enrolled in a program of study as set forth in section 545(a)(1)(C) shall obtain State teacher certification during the period of employment or as soon as possible as State law requires.

[(b) SCHOLARSHIP REPAYMENT.—

[(1) IN GENERAL.—Individuals found by the State educational agency to be in noncompliance with the agreement entered into under subsection (a) shall be required to repay to the Secretary a pro rata amount of the scholarship awards received, plus interest at the highest rate applicable to loans under part B of title IV and, where applicable, reasonable collection fees, in accordance with the provisions of paragraph (3).

[(2) EXCEPTIONS TO REPAYMENT.—An individual shall not be considered to be in violation of the agreement entered into pursuant to subsection (a) during any period in which such individual meets the exceptions to repayment provisions set forth in section 528(a)(2), 528(a)(3) or 528(b), or if the individual dies.

[(3) REPAYMENT PERCENTAGES.—Each individual found by the Secretary to be in noncompliance with the agreement entered into under subsection (a) shall be required to repay—

[(A) 100 percent of the total amount of scholarships awarded under this subpart if such individual does not teach pursuant to the agreement described in subsection (a) or teaches pursuant to such agreement for less than 1 year;

[(B) 67 percent of such amount if such individual teaches pursuant to such agreement for at least 1 year but less than 2 years; and

[(C) 34 percent of such amount if such individual teaches pursuant to such agreement for at least 2 years but less than 3 years.

[(4) INTEREST.—If a portion of scholarship is repaid under this subsection in any year, the entire amount of interest on such portion of such scholarship which accrues for such year shall be repaid.

[(5) USE OF REPAYMENTS.—Any repayments of scholarships made to the Secretary pursuant to the provisions of this section shall be used by the Secretary to make additional grants in accordance with the provisions of this subpart.

[(c) WAIVER.—The Secretary may provide for the partial or total waiver or suspension of any service obligation or repayment by an individual who received a Teacher Corps scholarship whenever compliance by such individual is impossible or would involve extreme hardship to such individual.

[SEC. 547. PUBLICATION AND RECRUITMENT.

[(a) IN GENERAL.—The Secretary shall—

[(1) publicize the availability of, and procedure to apply for, Teacher Corps scholarships, particularly among students participating in teaching-related activities through summer teaching institutes, future teacher clubs, and other teaching-related activities, at institutions of higher education nationwide, particularly in institutions of higher education with large minority enrollments, historically black colleges and universities, secondary schools nationwide (especially such schools with minority enrollment in excess of the statewide average minority enrollment), and with—

[(A) individuals participating in programs assisted under subpart 4 of part A of title IV;

[(B) individuals leaving the armed services, the Peace Corps, VISTA, and programs funded under the National and Community Service Act of 1990;

[(C) community-based organizations working in minority education; and

[(D) other agencies and entities likely to attract individuals interested in entering teaching from another career;

[(2) recruit minority students to participate in the program assisted under this subpart; and

[(3) recruit students with outstanding academic records to participate in such program.

[(b) SPECIAL RULE.—The publications required under subsection (a) shall describe substantive fields of expertise and geographic areas experiencing teacher shortages within the Nation.

[SEC. 548. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this subpart.]

PART D—INNOVATION AND RESEARCH

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[Subpart 3—Class Size Demonstration Grant

[SEC. 561. PURPOSE.

[It is the purpose of this subpart to provide grants to local educational agencies to enable such agencies to determine the benefits in various school settings of reducing class size on the educational performance of students and on classroom management and organization.

[SEC. 562. PROGRAM AUTHORIZED.

[(a) PROGRAM AUTHORIZED.—

[(1) IN GENERAL.—The Secretary shall carry out a program of awarding grants, in accordance with the provisions of this subpart, to local educational agencies to pay the Federal share of the costs of conducting demonstration projects that demonstrate methods of reducing class size which may provide information meaningful to other State and local educational agencies.

[(2) FEDERAL SHARE.—The Federal share shall be 50 percent.

[(b) RESERVATION.—The Secretary may reserve not more than 5 percent of the amount appropriated pursuant to the authority of section 565A in each fiscal year to carry out the evaluation activities described in section 565.

[(c) SELECTION CRITERIA.—The Secretary shall make grants to local educational agencies on the basis of—

[(1) the need and the ability of a local educational agency to reduce the class size of an elementary or secondary school served by such agency;

[(2) the ability of a local educational agency to furnish the non-Federal share of the costs of the demonstration project for which assistance is sought;

[(3) the ability of a local educational agency to continue the project for which assistance is sought after the termination of Federal financial assistance under this subpart; and

[(4) the degree to which a local educational agency demonstrates in the application submitted pursuant to section 564 consultation in program implementation and design with parents, teachers, school administrators, and local teacher organizations, where applicable.

[(d) PRIORITY.—In awarding grants under this subpart, the Secretary shall give priority to demonstration projects that involve at-risk students, including educationally or economically disadvantaged students, students with disabilities, limited-English proficient students, and young students.

[(e) GRANTS MUST SUPPLEMENT OTHER FUNDS.—A local educational agency shall use the Federal funds received under this subpart to supplement and not supplant other Federal, State and local funds available to the local educational agency.

[SEC. 563. PROGRAM REQUIREMENTS.

[(a) ANNUAL COMPETITION.—In each fiscal year, the Secretary shall announce the factors to be examined in a demonstration project assisted under this subpart. Such factors may include—

[(1) the magnitude of the reduction in class size to be achieved;

[(2) the level of education and the subject areas in which the demonstration projects shall occur;

[(3) the form of the instructional strategy to be demonstrated; and

[(4) the duration of the project.

[(b) RANDOM TECHNIQUES AND APPROPRIATE COMPARISON GROUPS.—Demonstration projects assisted under this subpart shall be designed to utilize randomized techniques or appropriate comparison groups, where feasible.

[SEC. 564. APPLICATION.

[(a) IN GENERAL.—In order to receive a grant under this subpart a local educational agency shall submit an application to the Secretary that is responsive to the announcement described in section 563(a), at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(b) DURATION.—The Secretary shall encourage local educational agencies to submit applications under this subpart for a period of 3 years.

[(c) CONTENTS.—Each application submitted pursuant to subsection (a) shall include—

[(1) a description of the objectives to be attained with the financial assistance made available under this subpart and the manner in which such financial assistance shall be used to reduce class size;

[(2) a description of the steps to be taken to achieve target class sizes, including, where applicable, the acquisition of additional teaching personnel and classroom space;

[(3) a statement of the methods for the collection of data necessary for the evaluation of the impact of class size reduction programs on student achievement;

[(4) an assurance that the local educational agency shall pay from non-Federal sources the non-Federal share of the costs of the demonstration project for which assistance is sought; and

[(5) such additional assurances as the Secretary may reasonably require.

[(d) SUFFICIENT SIZE AND SCOPE REQUIRED.—The Secretary shall only award grants under this subpart to applicants having applications which describe projects of sufficient size and scope to contribute to carrying out the purposes of this subpart.

[SEC. 565. EVALUATION AND DISSEMINATION.

[(a) NATIONAL EVALUATION.—The Secretary shall conduct a national evaluation of the demonstration projects assisted under this subpart to determine the costs incurred in achieving the reduction in class size and the effects of the reductions on outcomes, such as student performance in the affected subjects or grades, attendance, discipline, classroom organization, management, and teacher satisfaction and retention.

[(b) COOPERATION.—Each local educational agency receiving a grant under this subpart shall cooperate in the national evaluation described in subsection (a) and shall provide such information to the Secretary as the Secretary may reasonably require.

[(c) REPORTS.—The Secretary shall report to the Congress on the results of the evaluation conducted pursuant to subsection (a).

[(d) DISSEMINATION.—The Secretary shall widely disseminate information about the results of the class size demonstration projects assisted under this subpart.

[SEC. 565A. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $3,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

[Subpart 4—Middle School Teaching Demonstration Programs

[SEC. 566. STATEMENT OF PURPOSE.

[It is the purpose of this subpart to provide financial assistance to institutions of higher education which offer teacher training or

retraining programs to develop model programs with a specialized focus on teaching grades 6 through 9.

[SEC. 567. DEFINITIONS.

[As used in this subpart:

[(1) The term "developmentally appropriate" means a program that is appropriate for a child's age and all areas of an individual child's development, including educational, physical, emotional, social, cognitive, and communication.

[(2) The term "middle school" means a school which enrolls students in at least two of the grades 6, 7, 8, and 9.

[SEC. 568. PROGRAM AUTHORIZED.

[(a) IN GENERAL.—The Secretary is authorized to make grants, on a competitive basis, to institutions of higher education to develop model programs with a specialized focus on teaching grades 6 through 9.

[(b) SPECIAL RULE.—

[(1) EQUITABLE DISTRIBUTION.—The Secretary shall ensure an equitable geographic distribution of grants awarded under this subpart.

[(2) CONSIDERATION.—The Secretary shall take into consideration equitable levels of funding for urban and rural areas in awarding grants under this subpart.

[(c) GRANT PERIOD.—Grants under this subpart may be awarded for a period not to exceed 3 years.

[(d) FUNDING LIMITATION.—Grants awarded under this subpart may not exceed $250,000 in the first year of funding.

[SEC. 569. APPLICATION.

[(a) IN GENERAL.—Each institution of higher education desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

[(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall demonstrate that—

[(1) the applicant will establish and maintain a program of teacher training or retraining designed to offer specialized preparation for individuals teaching grades 6 through 9;

[(2) the applicant has designed a program of teacher training or retraining which includes—

[(A) a study of adolescent development (including cognitive, social, and emotional) with particular emphasis on early adolescent development;

[(B) a study of the influence of institutions such as schools, families, and peer groups in the socialization of adolescents;

[(C) information concerning the organization of schools for students in grades 6 through 9, with particular emphasis on developmentally appropriate school and classroom organization and practices;

[(D) training in at least 2 subject areas and related instructional strategies;

[(E) direct experience through internships in middle grade schools under the guidance of teachers who demonstrate exemplary classroom practices;

[(F) strategies for the prevention and detection of high risk behavior, particularly drug and alcohol abuse, and for the enhancement of self esteem among adolescents;

[(G) a study of effective methods and models of presenting substance abuse information and education to adolescent students; and

[(H) methods of encouraging parental and community involvement with middle schools; and

[(3) the program will be designed and operated with the active participation of classroom teachers and will include an in-service training component.

[SEC. 570. REPORTS AND INFORMATION DISSEMINATION.

[Each institution of higher education receiving a grant under this subpart shall submit to the Secretary such reports and other information regarding programs conducted under this subpart as the Secretary deems necessary. The Secretary shall disseminate such information to other institutions of higher education, State educational agencies, and local educational agencies.

[SEC. 570A. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this subpart.]

PART E—MINORITY TEACHER RECRUITMENT

[Subpart 1—New Teaching Careers

[SEC. 571. STATEMENT OF PURPOSE.

[It is the purpose of this subpart to establish and operate new career programs to attract minority candidates, who are in school support or paraprofessional positions in shortage area schools serving disadvantaged students, to careers as certified or licensed teachers.

[SEC. 572. STATE GRANT AUTHORITY; APPLICATIONS.

[(a) AUTHORITY.—

[(1) GRANTS BY SECRETARY.—In any fiscal year in which appropriations for this subpart do not equal or exceed $50,000,000, the Secretary is authorized, in accordance with this subpart, to award grants, on a competitive basis, to States to enable States to pay the Federal share of supporting programs that carry out the purpose of this subpart.

[(2) STATE GRANT PROGRAM.—In any fiscal year in which appropriations for this subpart equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to States in accordance with allocations under subsection (b) to enable States to pay the Federal share of supporting programs that carry out the purposes of this subpart.

[(b) ALLOCATION AMONG STATES.—Except as provided in subsection (a)(1), each State shall be eligible to receive a grant under this subpart in each fiscal year that bears as nearly as possible the same ratio to the amount appropriated under section 576C as the

allocation of funds under part A of title I of the Elementary and Secondary Education Act of 1965 in that State bears to the total allocation of such funds in all States, except that no State grant shall be less than $500,000 in any fiscal year.

[(c) DURATION OF GRANT.—Each grant awarded under this subpart shall be awarded for a term of 5 years, subject to the availability of appropriations.

[(d) FEDERAL SHARE.—The Federal share of each grant awarded under this subpart shall be 75 percent in the first year in which the State receives a grant, 65 percent in the second such year, 55 percent in the third such year, 45 percent in the fourth such year, and 35 percent in the fifth such year.

[(e) NON-FEDERAL SHARE.—The non-Federal share of each grant awarded under this subpart may be in cash or in kind fairly evaluated, including planned equipment or services.

[(f) SUBMISSION OF STATE APPLICATIONS.—In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall—

[(1) contain assurances that the State will award grants on a competitive basis to eligible recipients submitting applications described in section 574;

[(2) set forth a program of activities for carrying out the purposes set forth in this subpart in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

[SEC. 573. AGREEMENTS.

[Each State receiving a grant under this subpart shall enter into an agreement with the Secretary. Each such agreement shall include provisions designed to ensure that—

[(1) the State educational agency, the State higher education agency, or the State agency which administers subpart 4 of part A of title IV, relating to State student incentive grants, will administer the program authorized by this subpart in the State;

[(2) the State educational agency or higher education agency will use not more than 5 percent of the grant it receives for administrative expenses;

[(3) the State educational agency or higher education agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary; and

[(4) the State will establish a system for the evaluation of the programs assisted under this subpart.

[SEC. 574. APPLICATION.

[(a) IN GENERAL.—A grant under this subpart may be made only to an eligible recipient which submits an application to the State containing or accompanied by such information as the State may reasonably require.

[(b) CONTENTS OF APPLICATION.—Each such application shall—

[(1) describe the activities and services for which assistance is sought;

[(2) set forth the number of expected participants in each program assisted under this subpart;

[(3) demonstrate steps on a career ladder leading to the position of fully credentialed teacher, ranging from nonskilled entry positions, extending through intermediate subprofessional functions, and terminating in full professional status as a certified teacher duly recognized by the appropriate State agency;

[(4) contain assurances that advancement within such career ladders would be based on merit, but that the opportunity for professional growth is available to all;

[(5) demonstrate a plan for employing permanently individuals who have participated in the program at their new level of training, including individuals who terminate the program at a level below that of fully credentialed teacher;

[(6) demonstrate a plan for bringing a sizable portion of the educational program and coursework to the place of the participant's employment;

[(7) demonstrate a plan for providing academic credit for in-service training and other relevant experience as well as formal academic coursework;

[(8) provide for participation of individuals who have attained various levels of education, including individuals who have not completed high school, with special consideration for such participation given to individuals already serving within the school system;

[(9) provide assurances that the program assisted under this subpart will be available to individuals with disabilities; and

[(10) contain such other assurances as the State may reasonably require.

[SEC. 575. REQUIREMENTS.

[(a) GENERAL REQUIREMENTS.—An eligible recipient of a grant under this subpart shall require that any paraprofessional who receives student financial assistance under this subpart and who becomes a fully certified or licensed teacher enter into an agreement under which the paraprofessional shall—

[(1) within the 10-year period after completing the post-secondary education for which the assistance was provided, act as an educational professional or a paraprofessional in the local educational agency that is a consortium member of the eligible recipient providing such assistance, or, if no teaching position is offered by such local educational agency, in a shortage area school approved by the State for a period of not less than one year for each full-time academic year or equivalent for which the assistance was received;

[(2) provide to the State evidence of compliance with paragraph (1); and

[(3) repay that portion of the student financial assistance received under this subpart which was provided for tuition, plus interest and reasonable collection costs (if applicable), in the event that the teacher fails to comply with the conditions of paragraph (1), in accordance with the regulations prescribed by

the Secretary under section 527, except that the provisions of this paragraph shall not apply to anyone for whom no teaching position was made available by the local educational agency or State, or in the circumstances provided in section 528.

[(b) AMOUNT OF FINANCIAL ASSISTANCE.—The amount of financial assistance awarded under this subpart shall be reduced by the amount that the financial assistance exceeds the student's cost of attendance, as defined in section 472. Financial assistance awarded under this subpart shall not be reduced on the basis of the student's receipt of other forms of Federal student financial assistance but shall be taken into account in determining the eligibility of the student for those other forms of Federal student financial assistance.

[SEC. 576. SPECIAL CONSIDERATION.

[In awarding grants under this subpart, the State shall give special consideration to—

[(1) programs designed to identify, recruit, and certify—

[(A) speakers of non-English languages who have been trained as teachers in their home country; or

[(B) individuals already employed in a local educational agency; and

[(2) eligible recipients located in shortage areas as defined in section 576B.

[SEC. 576A. USE OF FUNDS.

[Funds provided to eligible recipients pursuant to this subpart may be used for—

[(1) tuition or part or all of the costs of attendance (as determined under section 472) for participants in programs assisted under this subpart;

[(2) the release time of such participants;

[(3) instructional and supportive services for such participants in such programs; and

[(4) stipends for child care to such participants whose academic coursework takes place outside the normal workday.

[SEC. 576B. DEFINITIONS.

[For the purpose of this subpart—

[(1) the term "certified or licensed teacher" means an individual who possesses a document certifying that the individual has met the requirements of a State for employment as a teacher in the public schools of that State (including individuals who have been certified as specialists in preschool and early childhood education);

[(2) the term "eligible recipient" means a consortium of—

[(A) an institution of higher education, and

[(B) one or more local educational agencies.

[(3) the term "paraprofessional" means an individual with at least a high school diploma or recognized equivalent who is employed in a preschool or elementary or secondary school under the supervision of a certified or licensed teacher, including individuals employed in bilingual education, special education, and migrant education;

[(4) the term "school support" means an individual who is employed by a local educational agency; and

[(5) the term "shortage area" means (A) an area the Secretary has designated as an area with a shortage of elementary and secondary school teachers, or (B) a shortage in a designated subject area as described in section 530A of this Act.

[SEC. 576C. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.]

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PART F—PROGRAMS FOR SPECIAL POPULATIONS

[Subpart 1—National Mini Corps Program

[SEC. 581. NATIONAL MINI CORPS.

[(a) PROGRAM AUTHORIZED.—The Secretary is authorized to make grants to institutions of higher education to enable such institutions to establish partnerships with local educational agencies to carry out the purposes of the National Mini Corps Program.

[(b) DEFINITIONS.—As used in this subpart—

[(1) the term "children" means children who are eligible to receive services under part A or C of title I of the Elementary and Secondary Education Act of 1965; and

[(2) the term "individual" (A) has the same meaning as the terms "first generation college student" and "low income individual" as defined under section 402A(g) of this Act, or (B) means a student enrolled in an institution of higher education who is the child of current or former migratory workers (including migratory agricultural dairy workers) or of migratory fishermen.

[(c) PURPOSE OF THE PROGRAM.—It is the purpose of the National Mini Corps Program to—

[(1) provide individuals who are enrolled or plan to enroll in an institution of higher education with advisement, training, and instructional services, and to encourage individuals to be role models for children;

[(2) provide outreach and recruitment services to encourage individuals to enroll in teacher education programs;

[(3) provide support and instructional services to individuals who are enrolled in an institution of higher education to enable such individuals to provide direct instructional services, which are coordinated with the overall educational goals of the State or local educational agency, to children eligible to receive services under title I of the Elementary and Secondary Education Act of 1965 during the regular school year or summer term. Such support and services may include—

[(A) lessons and provision of materials that meet the academic needs of children in the classroom;

[(B) supplemental instruction to reinforce the basic skills and concepts provided through instruction by the teacher;

[(C) instruction in other subject areas;

[(D) academic assistance, home visits, parental involvement, parent-student advisement services, and family advocacy; and

[(E) stipends for individuals who participate in the program assisted under this subpart for at least 10 but not more than 15 hours per week;

[(4) designate college coordinators at participating institutions of higher education to train, supervise, and assign individuals to carry out the activities of this subpart in cooperation with State and local educational agencies in which children with special needs have been identified; and

[(5) support other appropriate activities related to encouraging individuals to enter the teaching profession and to provide a link to the community.

[(d) APPLICATION REQUIRED.—Institutions of higher education desiring to receive a grant under this subpart shall submit an application to the Secretary which shall include—

[(1) a written partnership agreement with the State and local educational agency in which the children have been identified for participation in the activities under this subpart;

[(2) a description of the strategies that will be employed to engage the community generally in the activities and programs supported by the programs under this subpart;

[(3) a description of the process by which individuals will be recruited and selected to participate in the programs assisted under this subpart;

[(4) a description of the programs and activities which will be supported by the programs under this subpart; and

[(5) such other information as the Secretary considers necessary to determine the nature of the local needs, the quality of the proposed Mini Corps Program, and the capability of the applicant to implement the proposed Mini Corps Program.

[(e) AWARDING OF GRANTS.—In awarding grants under this subpart, the Secretary shall ensure, to the extent practicable, that—

[(1) grants are equitably distributed on a geographic basis throughout the Nation and among a variety of communities;

[(2) the amount of the grant awarded is proportionate to the number of individuals and children who, on the basis of the grant application, are expected to be involved in the programs and activities supported by the National Mini Corps; and

[(3) not less than 30 percent of the grants awarded under this subpart are awarded for programs serving migrant students and children.

[(f) USES OF FUNDS.—Funds provided under this part may be used for planning, implementing and operating a National Mini Corps Program, except that not more than 5 percent of any grant received under this subpart may be used for administrative costs.

[(g) EVALUATION.—The Secretary shall, by January 1, 1996, evaluate the demonstration program assisted under this part and report the results of such evaluation to the appropriate committees of the Congress.

[(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart $10,000,000 for fiscal

year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

Subpart 2—Foreign Language Instruction

[SEC. 586. DEMONSTRATION GRANTS FOR CRITICAL LANGUAGE AND AREA STUDIES.

[(a) PROGRAM AUTHORITY.—The Secretary is authorized to make demonstration grants to eligible consortia to enable such eligible consortia to—

[(1) operate critical language and area studies programs;

[(2) develop and acquire educational equipment and materials; and

[(3) develop teacher training programs, texts, curriculum, and other activities designed to improve and expand the instruction of foreign languages at elementary and secondary schools across the Nation.

[(b) GRANT LIMITATION.—The Secretary shall not award a grant which exceeds $2,000,000 to an eligible consortium under this section in any fiscal year, but shall award grants of sufficient size, scope and quality for a program of comprehensive instruction of foreign languages.

[(c) SPECIAL RULES.—

[(1) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to eligible consortia with demonstrated, proven effectiveness in the field of critical language and area studies and which have been in existence for at least 1 year prior to applying for a grant under this section.

[(2) EQUITABLE DISTRIBUTION.—In awarding grants under this section, the Secretary shall take into consideration providing an equitable geographic distribution of such grants among the regions of the United States.

[(3) PROGRAM REQUIREMENT.—Each eligible consortium receiving a grant under this section shall include in the activities assisted pursuant to such grant, a study abroad or cultural exchange program.

[(d) ELIGIBLE CONSORTIUM.—

[(1) IN GENERAL.—For the purposes of this section, the term "eligible consortium" means a cooperative effort between entities in one or more States that must include at least 4 schools, of which—

[(A) one shall be an institution of higher education;

[(B) one shall be a secondary school with experience in teaching critical languages;

[(C) one shall be a secondary school with experience in teaching critical languages and in which at least 25 percent of the students are eligible to be counted under title I of the Elementary and Secondary Education Act of 1965; and

[(D) one shall be a secondary school in which at least 25 percent of the students are eligible to be counted under title I of the Elementary and Secondary Education Act of 1965.

[(2) NONPROFIT ORGANIZATIONS.—Each eligible consortium described in paragraph (1) may include a nonprofit organization to provide services not otherwise available from the entities described in paragraph (1).

[(e) ADMINISTRATION.—Each eligible consortium receiving a grant under this section may use not more than 10 percent of such grant for administrative expenses.

[(f) APPLICATION.—

[(1) IN GENERAL.—Except as provided in paragraph (2), each eligible consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

[(2) SPECIAL RULE.—The State educational agency or State higher education agency responsible for the supervision of any one school participating in an eligible consortium may submit the application described in paragraph (1) on behalf of such eligible consortium.

[(g) DEFINITIONS.—For purposes of this section, the term "critical language" means each of the languages contained in the list of critical foreign languages designated by the Secretary pursuant to section 212(d) of the Education for Economic Security Act (50 Fed. Reg. 149, 31413).

[(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

[SEC. 587. DEVELOPMENT OF FOREIGN LANGUAGE AND CULTURE INSTRUCTIONAL MATERIALS.

[(a) GRANTS AUTHORIZED.—The Secretary is authorized to provide one or more grants on a competitive basis to a State or local educational agency, an institution of higher education, a private nonprofit foreign language organization, a nonprofit education association, or a consortium thereof, to enable such entity to act as a resource center for—

[(1) coordinating the development of and disseminating foreign language and culture instructional material, including children's literature in foreign languages, videotapes and computer software, and teacher's instructional kits relating to international study; and

[(2) encouraging the expanded use of technology in teaching foreign languages and culture at the elementary school level and, when the needs of elementary schools have been met, at the secondary school level, with a particular emphasis on expanding the use of technology in teaching foreign languages and culture at elementary and secondary schools that have proportionally fewer resources available for teaching foreign languages and cultures, including schools in urban and rural areas.

[(b) COORDINATION.—In developing materials and technologies under this section, the Secretary shall, where appropriate, make use of materials and technologies developed under the Star Schools Program Assistance Act.

[(c) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated $4,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

[Subpart 3—Small State Teaching Initiative

[SEC. 591. MODEL PROGRAMS AND EDUCATIONAL EXCELLENCE.

[(a) PURPOSE.—It is the purpose of this section to provide sufficient funds to small States to enable such States to develop model programs for educational excellence, teacher training and educational reform.

[(b) PROGRAM AUTHORIZED.—

[(1) AUTHORITY.—The Secretary is authorized to make grants to small States in order to enable such States to make grants to eligible institutions for the purpose of enhancing and improving the quality of teacher education, training, and recruitment in the Nation's smallest States.

[(2) EQUITABLE DISTRIBUTION.—The Secretary shall award grants described in paragraph (1) in equal amounts among small States having applications approved under subsection (e).

[(c) INSTITUTIONAL USE OF FUNDS.—Eligible institutions receiving funds under this section may use such funds for the development of innovative teaching techniques and materials, preservice and inservice training programs, renovation of training facilities and construction of model classrooms.

[(d) DEFINITIONS.—

[(1) SMALL STATE.—For the purposes of this section the term "small State" means a State the total population of which is less than 1,108,500 as reported in the 1990 Census of Population and Housing.

[(2) ELIGIBLE INSTITUTION.—For the purposes of this section, the term "eligible institution" means any institution of higher education (as such term is defined in section 1201(a)) that is located in a small State and that provides a course of study which prepares an individual to become a classroom teacher.

[(e) APPLICATION.—Any eligible institution which desires to receive a grant under this section shall submit to the State an application which—

[(1) if the State educational agency is not administering the program assisted under this subpart, certifies that the State educational agency has participated in the development of the application;

[(2) provides for a process of active discussion and consultation with an advisory committee convened by the State educational agency and the eligible institution; and

[(3) describes how the institution will use the funding.

[(f) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of this part there are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary in each of the 4 succeeding fiscal years.

[Subpart 4—Faculty Development Grants

[SEC. 593. TRAINING GRANTS.

[(a) GRANTS AUTHORIZED.—The Secretary is authorized to award grants to institutions of higher education to enable such institutions to—

[(1) develop model programs that provide training to secondary school faculty to prepare students with disabilities for post-secondary educational opportunities; and

[(2) establish programs of faculty development for faculty who teach in an institution of higher education to prepare such faculty for the enrollment of students with disabilities at such institution.

[(b) USE OF GRANTS.—The grants described in subsection (a) may be used to—

[(1) provide scholarships, including stipends and allowances, to faculty described in paragraph (1) or (2) of subsection (a);

[(2) develop materials and inservice programs to assist such faculty in making the curriculum at an institution of higher education accessible to students with disabilities; and

[(3) provide funds to support the release of such faculty from teaching assignments for the purpose of educating such faculty regarding the needs of students with disabilities.

[(c) SPECIAL RULES.—The Secretary shall ensure that grants awarded under subsection (a)(1) are used for programs that are in compliance with State and professionally recognized standards for the training of special education personnel.

[(d) APPLICATION.—Each institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[Subpart 5—Early Childhood Education Training

[SEC. 596. TRAINING IN EARLY CHILDHOOD EDUCATION AND VIOLENCE COUNSELING.

[(a) PROGRAM AUTHORIZED.—The Secretary shall award grants to institutions of higher education to enable such institutions to establish innovative programs to recruit and train students for careers in—

[(1) early childhood development and care, or preschool programs; or

[(2) providing counseling to young children from birth to 6 years of age who have been affected by violence and to adults who work with such young children.

[(b) APPLICATION.—An institution of higher education desiring a grant pursuant to subsection (a) shall submit an application to the Secretary at such time, in such form and containing or accompanied by such information or assurances as the Secretary may require. Each such application shall—

[(1) describe the activities and services for which assistance is sought;

[(2) contain a plan in accordance with subsection (c);

[(3) demonstrate that such institution has the capacity to implement such plan; and

[(4) provide assurances that such plan was developed in consultation with agencies and organizations that will assist the institution in carrying out such plan.

[(c) PLAN.—Each application described in subsection (a) shall contain a comprehensive plan for the recruitment, retention and training of students seeking careers in early childhood development or violence counseling. Such plan shall include a description of—

[(1) specific strategies for reaching students at secondary schools, community colleges, undergraduate institutions, or other agencies and institutions from which such students are to be drawn for participation in the program, including any partnerships with such institutions;

[(2) specific strategies for retaining such students in the program, such as summer sessions, internships, mentoring, and other activities;

[(3) methods that will be used to ensure that students trained pursuant to the plan will find employment in early childhood education, development and care, or violence counseling;

[(4) the goals, objectives, and timelines to be used in assessing the success of the plan and of the activities assisted under this section;

[(5) the curriculum and training leading to the degree or credential that prepares students for the careers described in the plan;

[(6) the special plans, if any, to assure that students trained pursuant to the plan will be prepared for serving in economically disadvantaged areas; and

[(7) sources of financial aid, to ensure that the training program offered pursuant to this section is available to all qualified students.

[(d) SELECTION AND PRIORITIES.—In evaluating the applications submitted under this section, the Secretary shall prescribe criteria regarding such evaluation and shall give priority in granting funds to institutions that—

[(1) prepare students for work in economically disadvantaged areas;

[(2) plan to focus their recruitment, retention, and training efforts on disadvantaged students; and

[(3) have demonstrated effectiveness in providing the type of training for which the institution seeks assistance under this section.

[(e) DURATION AND AMOUNT.—

[(1) DURATION.—A grant under this section shall be awarded for a period of not less than 3 years nor more than 5 years.

[(2) AMOUNT.—The total amount of the grant awarded under this section to any institution of higher education for any 1 year shall not be less than $500,000 nor more than $1,000,000.

[SEC. 597. EARLY CHILDHOOD STAFF TRAINING AND PROFESSIONAL ENHANCEMENT.

[(a) PROGRAM AUTHORIZED.—

[(1) IN GENERAL.—The Secretary shall award grants, on a competitive basis, to States in accordance with the provisions of this section.

[(2) DURATION.—Grants under this section shall be awarded for a period of 5 years.

[(b) APPLICATION.—A State desiring a grant pursuant to this section shall submit an application to the Secretary at such time, in such form and containing or accompanied by such information or assurances as the Secretary may require.

[(c) LEAD AGENCY.—

[(1) DESIGNATION OF LEAD AGENCY.—The chief executive officer of a State, in consultation with the State educational agency, desiring to receive a grant shall designate an appropriate State agency to act as the lead agency to—

[(A) administer funds received under this section;

[(B) develop a State plan pursuant to subsection (e); and

[(C) coordinate the provision of services with other appropriate Federal, State, and local programs.

[(2) ADVISORY COMMITTEE.—The lead agency shall establish an advisory committee, described in subsection (d), to assist in developing the plan required under subsection (e).

[(d) ADVISORY COMMITTEE.—Each advisory committee established pursuant to subsection (c)(2) shall consist of a representative of the following agencies, institutions, organizations, divisions, programs or departments in the State to the extent such entities exist within such State:

[(1) The lead State agency responsible for administering funds received under the Child Care and Development Block Grant Act.

[(2) Other State agencies administering or regulating childcare, early childhood development or education programs.

[(3) Institutions of higher education.

[(4) Organizations representing early childhood development staff and parents.

[(5) A local child care resource and referral agency or an organization representing local child care resource and referral.

[(6) A State Head Start association.

[(7) An organization with significant experience in training in the fields of early childhood development, early care and early education.

[(8) State agencies or departments administering or regulating employment, job training, and community development programs.

[(e) STATE PLAN.—

[(1) IN GENERAL.—Each State desiring a grant under this section shall submit, through the lead agency, a plan to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require. The Secretary shall consult with the Secretary of Health and Human Services regarding the contents of such plan.

[(2) CONTENTS.—Each plan submitted pursuant to subsection (a) shall—

[(A) identify the lead agency as described in subsection (c);

[(B) assess the training offerings and content of such offerings, amount of training required for an early childhood development staff license or certificate, compensation, recruitment and turnover of staff, and any coordination of training offerings and professional growth of early childhood development staff in the State;

[(C) describe the goals of the activities assisted under this part; and

[(D) describe how the State shall—

[(i) identify and maintain a career development path, based on a progression of roles for early childhood development staff, with each role articulated with training and different levels of responsibility and suggested compensation, in such manner as will permit an individual to qualify for a more responsible role;

[(ii) ensure that trainers of early childhood development staff in the State are qualified, licensed or certified in accordance with State law;

[(iii) describe the ways in which the State will encourage the coordination of training programs among institutions of higher education, including, if practicable, transfer of credits among institutions;

[(iv) set forth the ways in which the State will pay the costs of any assessment, credentialing, certification, licensing, training offering, training inventory, increase in staff participation in training, or other services assisted by a grant under this section;

[(v) describe the ways in which the State plans to coordinate the various State and local agencies and organizations to maximize coordination of standards and requirements for certifications, licenses, and accreditations;

[(vi) describe the ways in which the State will compile and disseminate information on—

[(I) training offerings;

[(II) requirements for admission into courses and programs;

[(III) requirements for a license, certificate, credential, or degree to which such offerings may be applied;

[(IV) funding sources available for such activities; and

[(V) the cost of training offerings; and

[(vii) describe the ways in which the State will use the funds received under this section and any other funds available to the State to carry out the activities described in the State plan.

[SEC. 598. REPORT.

[Each institution of higher education or State receiving a grant under this subpart shall submit to the Secretary program reports and evaluations at such times and containing such information as the Secretary may require.

[SEC. 599. AUTHORIZATION OF APPROPRIATIONS.

[(a) TRAINING IN EARLY CHILDHOOD EDUCATION AND VIOLENCE COUNSELING.—To carry out activities described in section 596, there are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(b) EARLY CHILDHOOD STAFF TRAINING AND PROFESSIONAL ENHANCEMENT.—To carry out activities described in section 597, there are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

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[SEC. 605. INTENSIVE SUMMER LANGUAGE INSTITUTES.

[(a) INTENSIVE SUMMER LANGUAGE INSTITUTES AUTHORIZED.—

[(1) GRANTS AUTHORIZED.—The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing and conducting intensive summer language institutes.

[(2) ELIGIBLE GRANT RECIPIENTS.—Training authorized by this section shall be provided through—

[(A) institutes designed to meet the needs for intensive language training by advanced foreign language students;

[(B) institutes designed to provide professional development and improve language instruction through preservice and inservice training for language teachers; or

[(C) institutes that combine the purposes of subparagraphs (A) and (B).

[(3) AUTHORIZED ACTIVITIES.—Grants made under this section may be used for—

[(A) intensive training in critical languages;

[(B) training in neglected languages; and

[(C) stipends for students and faculty attending the institutes authorized by this section.

[(4) INSTRUCTIONAL PROGRAM.—Institutes supported under this section may provide instruction on a full-time or part-time basis to supplement instruction not fully available in centers supported under section 602.

[(b) PEER REVIEW.—Grants made under this section shall be awarded on the basis of recommendations made by peer review panels composed of broadly representative professionals.]

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[SEC. 607. PERIODICALS AND OTHER RESEARCH MATERIALS PUBLISHED OUTSIDE THE UNITED STATES.

[(a) PROGRAM AUTHORIZED; AUTHORIZATION OF APPROPRIATIONS.—

[(1) PROGRAM AUTHORIZED.—From the amount appropriated under paragraph (2), the Secretary is authorized to award grants to institutions of higher education, public or nonprofit private library institutions, or consortia of such institutions for the acquisition of, and provision of access to, periodicals and other research materials published outside the United States.

[(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to the amount authorized to be appropriated by section 610A, there are authorized to be appropriated $5,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

[(b) AUTHORIZED ACTIVITIES.—Grants under this section shall be used for the following purposes:

[(1) To acquire periodicals and other research materials published outside the United States which are not commonly held by American academic libraries and which are of scholarly or research importance.

[(2) To maintain in machine-readable form current bibliographic information on periodicals and other research materials thus acquired, and to enter such information into one or more of the widely available bibliographic data bases.

[(3) To preserve such periodicals and other research materials.

[(4) To make such periodicals and other research materials widely available to researchers and scholars.

[(c) APPLICATION AND PREFERENCE.—

[(1) APPLICATION.—Each institution or consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information and assurances as the Secretary may reasonably require.

[(2) PREFERENCE.—The Secretary shall give preference to grant applications according to the following criteria:

[(A) The total number of library research materials in an institution's or consortium's collection.

[(B) The comprehensiveness, both current and retrospective, of the institution's or consortium's collection of periodicals and other research materials published outside the United States.

[(C) Public accessibility to the institution's or consortium's collection of periodicals and other research materials published outside the United States.

[(D) The institution's or consortium's technological capability to share its collection of periodicals and other research materials published outside the United States with

other institutions of higher education, with public or nonprofit institutions, and with individual scholars.

[(E) The institution's or consortium's budget and staff capability to build, maintain, and service periodicals and other research materials published outside the United States.

[(3) SUFFICIENT SIZE.—The Secretary shall award grants under this section of sufficient size to enable an institution or consortium to—

[(A) substantially improve its collection of foreign periodicals and other research materials published outside the United States; and

[(B) contribute to a comprehensive national base of foreign language materials for students and scholars.

[(d) WRITTEN AGREEMENT.—

[(1) AGREEMENT REQUIRED.—Prior to the awarding of grants authorized under subsection (c), each recipient institution or consortium shall file a formal written agreement with the Secretary which outlines their collecting responsibilities regarding periodicals and other research materials published outside the United States and ensures public access.

[(2) FUNDING LIMITATION.—No funds from grants authorized under subsection (c) may be used by a recipient institution or consortium to acquire and process periodicals and other research materials published outside the United States other than that specified in the agreement filed with the Secretary under paragraph (1).

[(e) COPYRIGHT.—Nothing in this section shall be considered to amend, affect, or define the provisions of title 17, United States Code, relating to copyright.]

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TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

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[PART A—IMPROVEMENT OF ACADEMIC AND LIBRARY FACILITIES

[SEC. 711. SHORT TITLE.

[This part may be cited as the "Higher Education Facilities Act of 1992".

[SEC. 712. FINDINGS.

[The Congress finds that—

[(1) over the past 50 years institutions of higher education have expanded dramatically, while at the same time traditional sources of funding facilities maintenance and repair have declined and even disappeared in some instances;

[(2) in order to meet the rising cost of educating students, resulting mainly from inflation and the higher costs of research, many colleges and universities made the choice to defer renovations and improvements;

[(3) overall, the need for capital investment by institutions of higher education has been estimated to exceed $60,000,000,000;

[(4) the deterioration of facilities has caused valuable research experiments and programs to be postponed, delayed or canceled; and

[(5) the United States' competitive position within the world economy is vulnerable if the necessary research facilities are not available to provide advanced training in the fields of science and technology.

[SEC. 713. DISTRIBUTION OF ASSISTANCE.

[(a) COMPETITIVE OR FORMULA DISTRIBUTION.—

[(1) COMPETITIVE GRANTS.—If the amount appropriated pursuant to section 716 for a fiscal year is less than $50,000,000, then the Secretary shall award grants under this part on a competitive basis in accordance with subsection (h) to institutions of higher education to carry out the activities described in section 714.

[(2) ALLOTMENT FORMULA.—

[(A) FORMULA.—If the amount appropriated pursuant to section 716 for a fiscal year is equal to or greater than $50,000,000, then the Secretary shall allot to each State higher education agency with an approved application—

[(i) 50 percent of such funds on the basis of the population of the State compared to the population of all States; and

[(ii) 50 percent of such funds on the basis of the number of students attending institutions of higher education within the State compared to the number of students attending institutions of higher education in all States.

[(B) USE OF FORMULA GRANTS.—Each State higher education agency receiving an allotment pursuant to subparagraph (A), shall use such allotment to award grants, on a competitive basis, to institutions of higher education within the State to enable such institutions to carry out the activities described in section 714.

[(C) REALLOTMENT.—Except as provided in subsection (f), any amount that the Secretary determines will not be available to a State higher education agency because such agency elects not to participate in the program assisted under this part shall be reallotted to other States in the same manner as the original allotments were made.

[(b) MATCHING REQUIREMENTS.—

[(1) STATE MATCHING REQUIREMENT.—

[(A) IN GENERAL.—In order to receive an allotment under subsection (a)(2)(A), each State higher education agency shall provide matching funds equal to 25 percent of the amount of any allotment received pursuant to such subsection. The Secretary may waive the requirements of the preceding sentence if the State can demonstrate to the satisfaction of the Secretary that such matching requirement would present a severe financial hardship to the State.

[(B) CASH REQUIREMENT.—Each State higher education agency receiving funds under this part shall only provide matching funds pursuant to paragraph (1) in cash.

[(2) INSTITUTIONAL MATCHING REQUIREMENT.—In order to receive a grant under subsection (a)(1) or (a)(2)(B), each eligible institution shall provide matching funds equal to 50 percent of the amount of any grant received pursuant to such subsection. Such matching funds may be provided by the State higher education agency or the institution of higher education.

[(c) PRIORITY.—In awarding grants pursuant to subsection (a), the Secretary or each State higher education agency shall give priority to institutions of higher education that serve large numbers or percentages of minority or disadvantaged students.

[(d) EQUITABLE PARTICIPATION.—In awarding grants pursuant to subsection (a), the Secretary or each State higher education agency shall ensure the equitable participation of both public and private eligible institutions within the State.

[(e) SPECIAL RULE.—If the Secretary determines that any eligible institution within a State has received, within the 2 preceding fiscal years, a direct, noncompetitive award of Federal funds for facilities construction, renovation, improvement or repair, then the eligible institution shall be ineligible to receive assistance under this part.

[(f) USE FOR MAINTENANCE.—An amount less than or equal to 10 percent of that portion of funds awarded under this part which is allotted by the recipient to meet costs of—

[(1) research and instructional instrumentation and equipment; and

[(2) equipment and structural changes necessary to ensure the proper functioning of such research or instructional instrumentation and equipment;

may be allocated by the recipient for maintenance of equipment and changes described in paragraphs (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within 3 years of the date of initial use, if the recipient deems such upgrading essential to the continued usefulness of such research or instructional instrumentation and equipment.

[(g) SUPPLEMENTATION.—Grants awarded pursuant to subsection (a) shall be used to supplement and not supplant other Federal, State, and local funds available for improvement of academic and library facilities.

[(h) PEER REVIEW REQUIRED.—In making grants under subsection (a)(1), the Secretary shall utilize a national peer review panel. The panel shall be broadly representative of all types and classes of institutions of higher education in the United States.

[SEC. 714. USE OF FUNDS.

[Institutions of higher education shall use funds awarded under this part for any one or more of the following activities:

[(1) The improvement, renovation, and repair of academic facilities.

[(2) The improvement and renovation of library facilities.

[(3) The improvement and renovation of broadcast, cable, and satellite interconnection equipment for use in postsecond-

ary educational television and radio programming, including interactive technology and communications.

[(4) The construction of academic and library facilities if the State determines such construction necessary.

[SEC. 715. APPLICATION.

[(a) STATE HIGHER EDUCATION AGENCY.—

[(1) APPLICATION.—Each State higher education agency desiring an allotment pursuant to section 713(a)(2)(A) shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

[(2) CONTENTS.—Each application described in paragraph (1) shall—

[(A) describe the activities and services for which assistance is sought;

[(B) contain assurances that the State higher education agency will comply with the matching requirement described in section 713(b)(1);

[(C) contain a description and the amount of any direct, noncompetitive appropriation of funds for facilities construction, renovation, improvement or repair which the State provides to any institution of higher education within the State; and

[(D) contain such other assurances as the Secretary determines necessary to ensure compliance with the provisions of this part.

[(b) INSTITUTIONS OF HIGHER EDUCATION.—

[(1) APPLICATION.—Each institution of higher education desiring a grant pursuant to section 713(a)(1) or 713(a)(2)(B) shall submit an application to the Secretary or the State higher education agency, as appropriate, at such time, in such manner and accompanied by such information as the Secretary or such agency may reasonably require.

[(2) CONTENTS.—Each application described in paragraph (1) shall—

[(A) describe the activities and services for which assistance is sought;

[(B) contain assurances that the eligible institution will comply with the matching requirement described in section 713(b)(2); and

[(C) contain such other assurances as the Secretary or State higher education agency determines necessary to ensure compliance with the provisions of this part.

[SEC. 716. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $350,000,000 for fiscal year 1993 and each of the 4 succeeding fiscal years to carry out the provisions of this part.]

* * * * * * *

[PART D—COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION

[SEC. 751. CONGRESSIONAL DECLARATION OF PURPOSE; DEFINITION; INCORPORATION.

[(a) PURPOSE.—The Congress hereby declares that it is the purpose of this part to authorize participation of the United States Government and the Student Loan Marketing Association in a private, for profit corporation to be known as the College Construction Loan Insurance Association (hereinafter referred to as the "Corporation") which will, directly or indirectly, alone or in collaboration with others—

[(1) guarantee, insure, and reinsure bonds, debentures, notes, evidences of debt, loans, and interests therein, the proceeds of which are to be used for an education facilities purpose;

[(2) guarantee and insure leases of personal, real, or mixed property to be used for an education facilities purpose; and

[(3) issue letters of credit and undertake obligations and commitments as the Corporation deems necessary to carry out the purposes described in paragraphs (1) and (2).

[(b) STATUS AS NON-GOVERNMENTAL ENTITY.—The Corporation shall not be an agency, instrumentality, or establishment of the United States Government and shall not be a "Government corporation" nor a "Government controlled corporation" as defined in section 103 of title 5, United States Code. No action under section 1491 of title 28, United States Code (commonly known as the Tucker Act) shall be allowable against the United States based on the actions of the Corporation.

[(c) CORPORATE POWERS AND LIMITATIONS.—The Corporation shall be subject to the provisions of this part and, to the extent not inconsistent with this part, to the District of Columbia Business Corporation Act. The business activities of the Corporation shall always be limited to the purposes set forth in subsection (a) of this section. It shall have the powers conferred upon a corporation by the District of Columbia Business Corporation Act as from time to time in effect in order to conduct its corporate affairs and to carry out its purposes and activities incidental thereto.

[(d) DEFINITION OF EDUCATION FACILITIES PURPOSE.—As used in this section, an "education facilities purpose" includes any activity (including activities related to the payment of financing or transaction costs) relating to the construction, reconstruction, renovation, acquisition, or purchase of (1) education, training, or research facilities or housing for students, faculty, or staff, (2) any underlying real property or any interest therein, (3) furniture, fixtures, and equipment to be used in connection with any education or training facility or housing for students, faculty, or staff, and (4) instructional equipment and research instrumentation including site preparation for such equipment and instrumentation.

[SEC. 752. CRITERIA FOR GUARANTEES AND INSURANCE.

[(a) GENERAL RULE.—The Corporation shall provide direct insurance, guarantees, and reinsurance on obligations issued for education facilities purposes only in accordance with the requirements of this section.

[(b) ALLOCATION OF REINSURANCE CAPACITY.—

[(1) At least the percentages specified in paragraph (2) of the aggregate dollar amount of bond and debenture issues reinsured by the Corporation shall be issues which, without insurance, are listed by a nationally recognized statistical rating organization at a rating below the third highest rating of such organization.

[(2) For the purpose of paragraph (1) of this subsection, the percentages specified in this paragraph shall be—

[(A) 10 percent for the first full year of operation of the Corporation;

[(B) 30 percent for the second full year of such operation; and

[(C) 50 percent for the third full year of such operation and thereafter.

[(3) No bond or debenture issue which is both reinsured and directly insured by the Corporation may be counted toward the fulfillment of the requirements of paragraph (1).

[(c) DIRECT INSURANCE AND GUARANTEE ACTIVITIES; LIMITATIONS.—

[(1) All of the assets and obligations directly covered by primary insurance or guarantees issued by the Corporation shall be assets or obligations of institutions which are, without insurance or guarantee, listed by a nationally recognized statistical rating organization at a rating below the third highest rating of such organization.

[(2) At least the percentages specified in paragraph (3) of the aggregate dollar amount of the assets and obligations reinsured, insured, and guaranteed by the Corporation under this section shall be in the direct insurance and guarantee activities specified in this subsection.

[(3) For the purpose of paragraph (2) of this paragraph, the percentages specified in this paragraph shall be—

[(A) 10 percent for the first full year of operation of the Corporation;

[(B) 30 percent for the second full year of such operation; and

[(C) 50 percent for the third full year of such operation and thereafter.

[(4) For the purpose of paragraph (1), the assets and obligations which may be directly covered by primary insurance or guarantees issued by the Corporation are—

[(A) bonds, debentures, notes, evidences of debt, loans, and interests therein, the proceeds of which are to be used for an education facilities purpose; and

[(B) leases of personal, real, or mixed property to be used for an education facilities purpose.

[(5) Notwithstanding paragraph (1), the Corporation may issue primary insurance or guarantees covering the assets or obligations of institutions which are, without insurance or guarantee, listed by a nationally recognized statistical rating organization at or above the third highest rating of such organization, subject to all of the following conditions and limitations:

[(A) The proposed transaction shall have been declined for coverage by all unaffiliated monoline insurers that are authorized to write financial guarantee insurance and that, in the previous year, provided primary insurance or guarantees on educational facility obligations. The Secretary shall publish by January 31 of each year a list of all such insurers.

[(B) Within 2 business days of receiving complete documentation concerning a proposed transaction by an institution seeking insurance from the Corporation pursuant to this paragraph (5), an insurer shall offer to provide coverage or execute an affidavit of declination, or its failure to respond shall be deemed a declination. The institution seeking insurance from the Corporation shall file with the Corporation the affidavits from all declining insurers, as well as an affidavit of the institution's financial advisor specifically identifying the pertinent terms of the proposed transaction, the requested insurance coverage, and the date on which complete documentation concerning the proposed transaction was submitted to each insurer and certifying that such information was provided to each insurer that declined coverage.

[(C) The proceeds of the assets or obligations insured or guaranteed by the Corporation pursuant to this paragraph shall be used exclusively for the renovation, repair, replacement, or construction of academic and educational facilities and shall not be used for the renovation, repair, replacement, or construction of athletic facilities.

[(D) The aggregate par value of assets and obligations insured or guaranteed by the Corporation under this paragraph (5) shall not exceed—

[(i) $100,000,000 per year during calendar years 1993, 1994, and 1995; or

[(ii) $150,000,000 per year during calendar years 1996 and 1997.

[(E) The aggregate dollar amount of transactions under this paragraph (5) shall not exceed—

[(i) in calendar year 1993, 1994, or 1995, 10 percent of the aggregate dollar amount of assets and obligations directly covered by primary insurance or guarantees issued by the Corporation under this section in such year; or

[(ii) in calendar year 1996 or 1997, 15 percent of the aggregate dollar amount of assets and obligations directly covered by primary insurance or guarantees issued by the Corporation under this section in such year.

[(d) NOTICE OF SERVICES.—The Corporation shall take such steps as may be necessary to publicize the availability of its insurance and reinsurance programs under this section in a manner that assures that information concerning such programs will be available to each eligible institution.

[(e) NONDISCRIMINATION REQUIRED.—

[(1) The Corporation may not carry out any activities with respect to any educational facilities purpose of a participating institution if the institution discriminates on account of race, color, religion (subject to paragraph (2)), national origin, sex (to the extent provided in title IX of the Education Amendments of 1972), or handicapping condition.

[(2) The prohibition with respect to religion shall not apply to an educational institution which is controlled by or which is closely identified with the tenets of a particular religious organization if the application of this section would not be consistent with the religious tenets of such organization.

[(3) Each participating institution shall certify to the Corporation that the institution does not discriminate as required by the provisions of paragraph (1).

[SEC. 753. PROCESS OF ORGANIZATION.

[The Secretary of the Treasury, the Secretary, and the Student Loan Marketing Association shall each appoint 2 persons to be incorporators of the Corporation. If either the Secretary of the Treasury or the Secretary fail to appoint incorporators within 90 days after the date of enactment of the Higher Education Amendments of 1986, the Student Loan Marketing Association, after consultation with the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives, shall have the authority to name the incorporators which have not been so appointed. The incorporators so appointed shall each sign the articles of incorporation and shall serve as the initial Board of Directors until the members of the first regular Board of Directors shall have been appointed and elected. Such incorporators shall take whatever actions are necessary or appropriate to establish the Corporation, including the filing of articles of incorporation.

[SEC. 754. OPERATION AND ELECTION OF BOARD OF DIRECTORS.

[(a) IN GENERAL.—The Corporation shall have a Board of Directors which shall consist of 11 members, of whom one shall be elected annually by the Board to serve as chairman. Directors shall serve for terms of one year or until their successors have been appointed and qualified, and any member so appointed to fill a vacancy shall be appointed only for the unexpired term of the Director whom he succeeds. Two Directors shall be appointed by the Secretary of the Treasury; 2 Directors shall be appointed by the Secretary; 3 Directors shall be appointed by the Student Loan Marketing Association; and the remaining 4 Directors shall be elected by the holders of the Corporation's voting common stock at least one of whom shall be a college or university administrator. The failure of the Secretary or the Secretary of the Treasury to make any one or more appointments to the Board of Directors of the Corporation shall not affect or diminish the right and power of (1) the other directors who have been appointed or elected to assume and carry out their duties as directors and (2) the Board so constituted to act for all purposes as the full Board of the Corporation.

[(b) CUMULATIVE VOTING.—The articles of incorporation of the Corporation shall provide for cumulative voting under section 27(d)

of the District of Columbia Business Corporation Act (D.C. Code, sec. 29–327(d)).

[SEC. 755. INITIAL CAPITAL.

[(a) AUTHORITY TO ISSUE COMMON STOCK.—The Corporation shall issue shares of voting common stock of no par value at such time within 6 months of its incorporation as shall be designated by the initial Board of Directors, and from time to time thereafter.

[(b) SUBSCRIPTION BY SECRETARY.—The Secretary is authorized and directed to subscribe to and purchase, in each of the 5 years following the incorporation of the Corporation, voting common stock of the Corporation having an aggregate purchase price of not more than $20,000,000, subject to availability of appropriations.

[(c) SUBSCRIPTION BY ASSOCIATION.—The Student Loan Marketing Association is authorized to subscribe to and purchase during the 5 years following the incorporation of the Corporation voting common stock of the Corporation having an aggregate purchase price of $25,000,000 or more.

[(d) ANNUAL ISSUANCE.—The Corporation is authorized to offer for subscription and purchase to the general public during the 5 years following the incorporation of the Corporation, voting common stock having an aggregate purchase price of $125,000,000. Not less than 40 percent of such stock shall be set aside for purchase by institutions of higher education prior to being offered to the general public.

[SEC. 756. ISSUE OF NONVOTING STOCK AND DEBT TO THE PUBLIC.

[The Corporation may issue, without limitation as to amount or restriction as to ownership, such nonvoting common, preferred, and preference stock, debt, and such other securities and obligations, in such amounts, at such times, and having such terms and conditions as may be deemed necessary or appropriate by its Board of Directors.

[SEC. 757. OBLIGATIONS NOT FEDERALLY GUARANTEED; NO FEDERAL PRIORITY.

[No obligation which is insured, guaranteed, or otherwise backed by the Corporation, shall be deemed to be an obligation which is guaranteed by the full faith and credit of the United States. No obligation which is insured, guaranteed, or otherwise backed by the Corporation shall be deemed to be an obligation which is guaranteed by the Student Loan Marketing Association. This section shall not affect the determination of whether such obligation is guaranteed for purposes of Federal income taxes.

[SEC. 758. AUTHORITY OF SECRETARY TO SELL COMMON STOCK; RIGHT OF FIRST REFUSAL.

[(a) AUTHORITY TO SELL.—The Secretary may, at any time after a date which is 5 years after the date of incorporation of the Corporation, sell (in one or more transactions) the voting common stock of the Corporation owned by the Secretary. Prior to offering such common stock for sale to any other person, the Secretary shall offer such stock to the Student Loan Marketing Association at the price determined pursuant to subsection (b). Not later than 30 days prior to the sale of such stock, the Secretary shall advise, in writing, the Committee on Labor and Human Resources of the Senate

and the Committee on Education and Labor of the House of Representatives of plans of the Secretary.

[(b) PURCHASE PRICE.—The price at which the Secretary may sell the voting common stock of the Corporation under subsection (a) shall be the market value of such shares as determined by the Secretary, on the basis of an independent appraisal, but shall not be less than the value of such shares as shown on the books of account of the Corporation as of the date of closing of such purchase. In no event shall the purchase price be less than the original issuance price.

[(c) BOARD OF DIRECTORS ELECTED AFTER MAJORITY BUY-OUT.—If the Student Loan Marketing Association acquires from the Secretary sufficient voting common stock so as to own more than 50 percent of the issued and outstanding voting common stock of the Corporation, section 754 (except subsection (b)) shall be of no further force or effect and the Board of Directors of the Corporation shall thereafter be elected entirely by the voting common shareholders.

[(d) RIGHT OF FIRST REFUSAL TO ASSOCIATION.—Until such time as the Student Loan Marketing Association acquires all of the voting common stock owned by the Secretary, the Student Loan Marketing Association shall have the right to purchase all, or any lesser portion it shall select, of each of the issues of equity securities or other securities convertible into equity of the Corporation as the Corporation may issue from time to time, on the same terms and conditions as such securities are to be offered to other persons.

[(e) AUTHORITY OF ASSOCIATION WITH RESPECT TO CORPORATION.—The Student Loan Marketing Association is authorized and empowered to purchase stock and to carry out such other activities as are necessary and appropriate for carrying out the Association's obligations and responsibilities with respect to the Corporation. The Student Loan Marketing Association is also authorized to enter into such other transactions with the Corporation, including the acquisition of securities and obligations of the Corporation referred to in this section and sections 755 and 756, and arrangements for the provision of management and other services to the Corporation, as shall be approved by the Student Loan Marketing Association and the Corporation.

[SEC. 759. USE OF STOCK SALE PROCEEDS.

[The proceeds received by the Secretary upon the sale of any shares of the Corporation to the Student Loan Marketing Association or any other person shall be deposited in the general fund of the Treasury.

[SEC. 760. AUDITS; REPORTS TO THE PRESIDENT AND THE CONGRESS.

[(a) ACCOUNTING.—The books of account of the Corporation shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

[(b) REPORTS.—The Corporation shall transmit to the President and the Congress, annually and at such other times as it deems desirable, a report of its operations and activities under this part, which annual report shall include a copy of the Corporation's financial statements and the opinion with respect thereto prepared by

the independent public accountant reviewing such statements and a copy of any report made on an audit conducted under subsection (a). The annual reports shall include such information and other evidence as is necessary to demonstrate that the Corporation has complied with the requirements of section 752.]

* * * * * * *

[TITLE VIII—COOPERATIVE EDUCATION

[SEC. 801. STATEMENT OF PURPOSE; DEFINITION.

[(a) PURPOSE.—It is the purpose of this title to award grants to institutions of higher education or combinations of such institutions to encourage such institutions to develop and make available to as many of their students as possible work experience that will aid such students in future careers and will enable such students to support themselves financially while in school.

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

[SEC. 802. AUTHORIZATION OF APPROPRIATIONS; RESERVATIONS.

[(a) APPROPRIATIONS AUTHORIZED.—There are authorized to be appropriated to carry out this title $30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(b) RESERVATIONS.—Of the amounts appropriated in each fiscal year the Secretary shall reserve such amount as is necessary to make continuing awards to institutions of higher education that were, on the date of enactment of the Higher Education Amendments of 1992, operating an existing cooperative education program under a multiyear project award and to continue to pay to such institutions the Federal share in effect on the day before such date of enactment. Of the remainder of the amount appropriated in such fiscal year—

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

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

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

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

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

[(c) AVAILABILITY OF APPROPRIATIONS.—Appropriations under this title shall not be available for the payment of compensation of

students for employment by employers under arrangements pursuant to this title.

[SEC. 803. GRANTS FOR COOPERATIVE EDUCATION.

[(a) GRANTS AUTHORIZED.—

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

[(A) from the amount available under section 802(b)(1) in each fiscal year and in accordance with the provisions of this title, to make grants to institutions of higher education or combinations of such institutions that have not received a grant under this paragraph in the 10-year period preceding the date for which a grant under this section is requested to pay the Federal share of the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions or combinations of institutions; and

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

[(2) PROGRAM REQUIREMENT.—Cooperative education programs assisted under this section shall provide alternating or parallel periods of academic study and of public or private employment, giving students work experience related to their academic or occupational objectives and the opportunity to earn the funds necessary for continuing and completing their education.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[(6) provide that the applicant will—

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

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

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

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

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

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

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

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

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

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

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

[(11) demonstrate a commitment to serving special populations such as women, individuals with disabilities, and African American, Mexican-American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamanian (Chamorro), and Northern Marianian students; and

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

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

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

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

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

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

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

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

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

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

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

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

[(d) MAINTENANCE OF EFFORT.—If the Secretary determines that a recipient of funds under this section has failed to maintain the fiscal effort described in subsection (b)(3), then the Secretary may

elect not to make grant payments under this section to such recipient.

[(e) FACTORS FOR SPECIAL CONSIDERATION OF APPLICATIONS.—

[(1) IN GENERAL.—In approving applications under this section, the Secretary shall give special consideration to applications from institutions of higher education or combinations of such institutions for programs which show the greatest promise of success because of—

[(A) the extent to which programs in the academic discipline with respect to which the application is made have had a favorable reception by public and private sector employers;

[(B) the strength of the commitment of the institution of higher education or combination of such institutions to cooperative education as demonstrated by the plans and formalized institutional commitment statement which such institution or combination has made to continue the program after the termination of Federal financial assistance,

[(C) the extent to which the institution or combination is committed to extending cooperative education for all students who can benefit, and

[(D) such other factors as are consistent with the purposes of this section.

[(2) ADDITIONAL SPECIAL CONSIDERATION.—The Secretary shall also give special consideration to applications from institutions of higher education or combinations of such institutions which demonstrate a commitment to serving special populations such as women, individuals with disabilities, and African American, Mexican-American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamanian (Chamorro), and Northern Marianian students.

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

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

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

[(2) the conduct of training and resource centers designed to—

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

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

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

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

[(E) support partnerships under which an institution carrying out a comprehensive cooperative education program joins with one or more institutions of higher education in order to (i) assist the institution other than the comprehensive cooperative education institution to develop and expand an existing program of cooperative education, or (ii) establish and improve or expand comprehensive cooperative education programs; and

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

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

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

[(b) ADMINISTRATIVE PROVISION.—

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

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

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

[(2) LIMITATION.—(A) The Secretary may not use more than 3 percent of the amount appropriated to carry out this section in each fiscal year to enter into contracts described in paragraph (1)(A).

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

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

TITLE IX—GRADUATE PROGRAMS

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[PART A—GRANTS TO INSTITUTIONS AND CONSORTIA TO ENCOURAGE WOMEN AND MINORITY PARTICIPATION IN GRADUATE EDUCATION

[SEC. 911. GRANTS AUTHORIZED.

[The Secretary shall make grants to institutions of higher education and consortia of such institutions to enable such institutions and consortia—

[(1) to identify talented undergraduate students who—

[(A) demonstrate financial need; and

[(B) are individuals from minority groups underrepresented in graduate education or are women underrepresented in fields of study in graduate education such as the fields of science and mathematics; and

[(2) to provide such students with an opportunity to participate in a program of research and scholarly activities at such institutions or consortia designed to provide such students with effective preparation for graduate study in such fields or related fields.

[SEC. 912. SUBMISSION AND CONTENTS OF APPLICATION.

[(a) REQUIRED INFORMATION.—Each institution of higher education or consortium desiring assistance under this part shall submit an application to the Secretary in such form and containing such information as the Secretary may by regulation prescribe. Each such application shall provide information regarding—

[(1) the program of study, to take the form of summer research internships, seminars, and other educational experiences;

[(2) the institution's or consortium's plan for identifying and recruiting talented women and minority undergraduates, especially those interested in entering fields in which such women and minority undergraduates are underrepresented;

[(3) the participation of faculty in the program and a detailed description of the research in which students will be involved;

[(4) a plan for the evaluation of the effectiveness of the program; and

[(5) such other assurances and information as the Secretary may require by regulation.

[(b) SELECTION REQUIREMENTS.—In making awards to institutions and consortia—

[(1) the Secretary shall consider the quality of the research in which students will be involved as well as the recruitment program and program of study; and

[(2) the Secretary shall ensure an equitable geographic distribution among public and private institutions of higher education and consortia.

[SEC. 913. USE OF FUNDS.

[Awards made to institutions or consortia under this part shall be used exclusively to provide direct fellowship aid which may include need-based stipends, room and board costs, transportation costs, and tuition for courses for which credit is given by the institution or consortium as approved by the Secretary.

[SEC. 914. INFORMATION COLLECTION.

[In order to assist institutions of higher education or consortia to identify talented women and minority undergraduates for graduate study, institutions or consortia receiving awards under this part shall provide to the Secretary such information as the Secretary determines is necessary to carry out this section. With respect to students participating in a summer internship under this part, the Secretary shall collect information submitted by such in-

stitutions or consortia, such as the students' names, addresses, and institutions attended for undergraduate study. The Secretary shall, subject to the authorization of each student, make the information available to institutions of higher education or consortia offering graduate programs seeking to identify talented women and minority undergraduates for graduate study.

[SEC. 915. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART B—PATRICIA ROBERTS HARRIS FELLOWSHIP PROGRAM

[SEC. 921. STATEMENT OF PURPOSE; DESIGNATION.

[(a) PURPOSE.—It is the purpose of this part to provide, through institutions of higher education, a program of grants to assist in making available the benefits of master's level, professional, and doctoral education programs to individuals from minority groups and women who are underrepresented in such programs.

[(b) DESIGNATION.—Each recipient of such an award under this part shall be known as a "Patricia Roberts Harris Graduate Fellow".

[SEC. 922. PROGRAM AUTHORIZED.

[(a) GRANTS BY SECRETARY.—

[(1) IN GENERAL.—The Secretary shall make grants to institutions of higher education to enable such institutions to make grants in accordance with the provisions of this part.

[(2) RESERVATIONS.—The Secretary shall reserve—

[(A) 50 percent of the amount appropriated pursuant to the authority of section 924 to award grants to institutions of higher education to enable such institutions to make awards for master's level and professional study; and

[(B) 50 percent of such amount to award grants to such institutions to enable such institutions to make awards for doctoral study.

[(b) DISTRIBUTION AND AMOUNTS OF GRANTS.—

[(1) EQUITABLE DISTRIBUTION.—In making such grants the Secretary shall, to the maximum extent feasible, ensure an equitable geographic distribution of awards and an equitable distribution among eligible public and independent institutions of higher education.

[(2) REALLOTMENT.—Whenever the Secretary determines that an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot such amounts not needed to institutions which can use the grants authorized by this part.

[(c) APPLICATIONS.—Any eligible institution of higher education offering a program of postbaccalaureate study leading to a master's level, professional, or doctoral degree may apply for grants under this part. Each such institution may make an application to the Secretary at such time, in such manner, and containing or accom-

panied by such information as the Secretary may reasonably require. Such application may be made on behalf of professional schools, academic departments, or similar organizational units within such institution meeting the requirements of this subsection, including interdisciplinary or interdepartmental programs.

[(d) SELECTION OF APPLICATIONS.—In making grants to institutions of higher education, the Secretary shall—

[(1) take into account present and projected needs for highly trained individuals in academic career fields of high national priority;

[(2) consider the need to prepare a larger number of women and individuals from minority groups, especially from among such groups which have been traditionally underrepresented in professional and academic careers requiring master's level, professional, or doctoral degrees, but nothing contained in this paragraph shall be interpreted to require any institution to grant preference or disparate treatment to the members of one minority group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this section, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area;

[(3) take into account the need to expand access by women and minority groups to careers heretofore lacking adequate representation of women and minority groups; and

[(4) take into account the success of the applicant in providing students with access to careers in which women and minority groups are underrepresented.

[(e) PRIORITIES FOR FELLOWSHIPS.—The Secretary shall assure that, in making grants under this part, a priority for awards is accorded to—

[(1) individuals from minority groups and women who are pursuing master's level or professional study in fields in which they are underrepresented;

[(2) individuals from minority groups and women who are pursuing master's level study leading to careers that serve the public interest; and

[(3) women and individuals from traditionally underrepresented groups undertaking doctoral study, including those interested in entering the fields of science and mathematics.

[(f) INSTITUTIONAL PAYMENTS.—(1) The Secretary shall pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be—

[(A) $6,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1993–1994; and

[(B) with respect to individuals who first receive fellowships during or after academic year 1993–1994—

[(i) $9,000 for the academic year 1993–1994; and

[(ii) for succeeding academic years, $9,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

[(2) The institutional allowance paid under paragraph (1) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

[SEC. 923. AWARD OF FELLOWSHIPS.

[(a) AWARDS.—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this part. The stipends the Secretary may establish shall reflect the purpose of this program to encourage students to undertake master's level, professional, and doctoral study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year 1993–1994 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.

[(b) REQUIREMENTS FOR AWARDS.—

[(1) MASTER'S OR PROFESSIONAL DEGREE.—No student enrolled in graduate study leading to a master's or professional degree shall receive an award except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to study or research (including acting as a teaching assistant or research assistant as may be required as a condition to award a degree), in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed the normal period for completing the program in which the student is enrolled or a total of 3 years, whichever is less, except that the Secretary may provide by regulation for the granting of such fellowships for an additional period of study not to exceed one 12-month period, under special circumstances which the Secretary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient for study or research upon review of an application for such extension by the recipient.

[(2) DOCTORAL DEGREE.—No student enrolled in graduate study leading to a doctoral degree shall receive an award under this part except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to study, research (including acting as a teaching assistant or research assistant as may be required as a condition to award a degree), or dissertation work in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or simi-

lar activities, approved by the Secretary. Such period shall not exceed a total of 3 years, consisting of not more than 2 years of support for study or research, and not more than 1 year of support for dissertation work, provided that the student has attained satisfactory progress prior to the dissertation stage, except that the Secretary may provide by regulation for the granting of such fellowships for an additional period of study not to exceed one 12-month period, under special circumstances which the Secretary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient for study or research upon review of an application for such extension by the recipient. The institution shall provide 2 years of support for each student following the years of Federal predissertation support under this part. Any student receiving an award for graduate study leading to a doctoral degree shall receive at least 1 year of supervised training in instruction during such student's doctoral program.

[(3) CONTINUATION OF AWARDS UNDER PRIOR LAW.—Notwithstanding any other provision of law, in the case of an individual who was awarded a multiyear fellowship under this part before the date of enactment of the Higher Education Amendments of 1992, awards to such individual for the remainder of such fellowship may, at the discretion of the institution of higher education attended by such individual, be subject to the requirements of this subsection as in effect prior to such date of enactment. The institution shall be required to exercise such discretion at the time that its application to the Secretary for a grant under this part, and the amount of any such grant, are being considered by the Secretary.

[SEC. 924. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $60,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part. Notwithstanding any other provision of law, the Secretary may use funds appropriated pursuant to this section for fiscal year 1994 to make continuation awards under section 923(b)(3) to individuals who would have been eligible for such awards in fiscal year 1993 if such section had been in effect.

[PART C—JACOB K. JAVITS FELLOWSHIP PROGRAM

[SEC. 931. 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 part for graduate study in the arts, humanities, and social sciences by students of superior ability selected on the basis of demonstrated achievement and exceptional promise. These fellowships shall be awarded to students intending 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 commonly accepted as the appropriate degree for a tenured-track faculty position in a baccalaureate degree-granting institution. 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 for which the funds were appropriated. 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.

[(b) DESIGNATION OF FELLOWS.—Students receiving awards under this part shall be known as "Jacob K. Javits Fellows".

[(c) INTERRUPTIONS OF STUDY.—The institution of higher education may allow a fellowship recipient to interrupt periods of study for a period not to exceed 12 months for the purpose of work, travel, or independent study away from the campus, if such independent study is supportive of the fellowship recipient's academic program and shall continue payments for those 12-month periods during which the student is pursuing travel or independent study supportive of the recipient's academic program.

[SEC. 932. ALLOCATION OF FELLOWSHIPS.

[(a) FELLOWSHIP BOARD.—

[(1) APPOINTMENT.—The Secretary shall appoint a Jacob K. Javits Fellows Program Fellowship Board (hereinafter in this part referred to as the "Board") consisting of 9 individuals representative of both public and private institutions of higher education who are especially qualified to serve on the Board. In making appointments, the Secretary shall give due consideration to the appointment of individuals who are highly respected in the academic community. The Secretary shall assure that individuals appointed to the Board are broadly knowledgeable about and have experience in graduate education in arts, humanities, and social sciences.

[(2) DUTIES.—The Board shall—

[(A) establish general policies for the program established by this part and oversee its operation;

[(B) establish general criteria for the distribution of fellowships among eligible academic fields identified by the Board;

[(C) appoint panels of academic scholars with distinguished backgrounds in the arts, humanities, and social sciences for the purpose of selecting fellows; and

[(D) prepare and submit to the Congress at least once in every 3-year period a report on any modifications in the program that the Board determines are appropriate.

[(3) CONSULTATIONS.—In carrying out its responsibilities, the Board shall consult on a regular basis with representatives of the National Science Foundation, the National Endowment for the Humanities, the National Endowment for the Arts, and representatives of institutions of higher education and associations of such institution, learned societies, and professional organizations.

[(4) TERM.—The term of office of each member of the Board shall be 4 years, except that any member appointed to fill a vacancy shall serve for the remainder of the term for which the

predecessor of the member was appointed. No member may serve for a period in excess of 6 years.

[(5) INITIAL MEETING; VACANCY.—The Secretary shall call the first meeting of the Board, at which the first order of business shall be the election of a Chairperson and a Vice Chairperson, who shall serve until 1 year after the date of their appointment. Thereafter each officer shall be elected for a term of 2 years. In case a vacancy occurs in either office, the Board shall elect an individual from among the members of the Board to fill such vacancy.

[(6) QUORUM; ADDITIONAL MEETINGS.—(A) A majority of the members of the Board shall constitute a quorum.

[(B) The Board shall meet at least once a year or more frequently, as may be necessary, to carry out its responsibilities.

[(7) COMPENSATION.—Members of the Board, while serving on the business of the Board, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the rate of basic pay payable for level IV of the Executive Schedule, including traveltime, and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

[(b) USE OF SELECTION PANELS.—The recipients of fellowships shall be selected in each designated field from among all applicants nationwide in each field by distinguished panels appointed by the Board to make such selections under criteria established by the Board. The number of recipients in each field in each year shall not exceed the number of fellows allocated to that field for that year by the Board.

[(c) FELLOWSHIP PORTABILITY.—Each recipient shall be entitled to use the fellowship in a graduate program at any accredited institution of higher education in which the recipient may decide to enroll.

[SEC. 933. STIPENDS.

[(a) AWARD BY SECRETARY.—The Secretary shall pay to individuals awarded fellowships under this part such stipends as the Secretary may establish, reflecting the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year 1993–1994 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.

[(b) INSTITUTIONAL PAYMENTS.—

[(1) IN GENERAL.—(A) The Secretary shall (in addition to stipends paid to individuals under this part) pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in subparagraph (B), such allowance shall be—

[(i) $6,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1993–1994; and

[(ii) with respect to individuals who first receive fellowships during or after academic year 1993–1994—

[(I) $9,000 for the academic year 1993–1994; and

[(II) for succeeding academic years, $9,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

[(B) The institutional allowance paid under subparagraph (A) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

[(2) SPECIAL RULES.—(A) Beginning March 1, 1992, any applicant for a fellowship under this part who has been notified in writing by the Secretary that such applicant has been selected to receive such a fellowship and is subsequently notified that the fellowship award has been withdrawn, shall receive such fellowship unless the Secretary subsequently makes a determination that such applicant submitted fraudulent information on the application.

[(B) Subject to the availability of appropriations, amounts payable to an institution by the Secretary pursuant to this subsection shall not be reduced for any purpose other than the purposes specified under paragraph (1).

[SEC. 934. FELLOWSHIP CONDITIONS.

[(a) REQUIREMENTS FOR RECEIPT.—An individual awarded a fellowship under the provisions of this part shall continue to receive payments provided in section 933 only during such periods as the Secretary finds that such individual is maintaining satisfactory proficiency in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, in an institution of higher education, and is not engaging in gainful employment other than part-time employment by such institution in teaching, research, or similar activities, approved by the Secretary.

[(b) REPORTS FROM RECIPIENTS.—The Secretary is authorized to require reports containing such information in such form and filed at such times as the Secretary determines necessary from any person awarded a fellowship under the provisions of this part. The reports shall be accompanied by a certificate from an appropriate official at the institution of higher education, library, archive, or other research center approved by the Secretary, stating that such individual is making satisfactory progress in, and is devoting essentially full time to the program for which the fellowship was awarded.

[SEC. 935. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.]

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[PART E—FACULTY DEVELOPMENT FELLOWSHIP PROGRAM

[SEC. 951. FELLOWSHIPS AUTHORIZED.

[(a) FELLOWSHIP PROGRAM AUTHORIZATION.—The Secretary shall make grants to institutions of higher education or consortia of such institutions and nonprofit organizations associated with institutions of higher education, with a demonstrated record of enhancing the access of individuals from underrepresented groups including African Americans, Asian Americans, Hispanic Americans, Native Americans, Pacific Islanders, and Native Hawaiians, to enable such institutions or consortia to—

[(1) identify talented faculty from underrepresented groups who wish to—

[(A) continue in the higher education professorate and obtain a doctoral degree; or

[(B) participate in faculty professional development programs specifically designed to advance the careers of underrepresented minorities;

[(2) identify talented baccalaureate degree recipients from underrepresented groups who have financial need and who wish to obtain a doctoral degree and enter the higher education professorate; and

[(3) provide the individuals described in paragraphs (1) and (2) with a fellowship to assist such students in obtaining a doctoral degree or to participate in a faculty development program.

[(b) GEOGRAPHIC DISTRIBUTION.—In awarding grants pursuant to subsection (a), the Secretary shall ensure—

[(1) an equitable geographic distribution of such grants; and

[(2) that both public and private institutions of higher education are fairly represented among the grant recipients.

[(c) SPECIAL RULE.—

[(1) EQUITABLE DISTRIBUTION.—Each institution of higher education or consortium receiving a grant under this part shall ensure that during the period of the grant there is an equitable distribution of fellowships under this part among underrepresented groups.

[(2) CONSTRUCTION.—Nothing in this section shall be interpreted to require any institution of higher education or consortium to grant preference or disparate treatment to the members of one group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this part, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area.

[(d) WAIVER BY THE SECRETARY.—The Secretary may waive all or any portion of the requirement under subsection (b) upon application of any institution which is eligible for funds under title III of this Act, pursuant to criteria established by the Secretary by regulation.

[(e) SELECTION REQUIREMENTS.—In awarding grants under subsection (a), the Secretary shall give priority to applications describing programs that—

[(1) provide to each fellowship recipient—

[(A) a tuition waiver; and

[(B)(i) a minimum $2,000 stipend; or

[(ii) additional financial support in conjunction with teaching or research activities that are part of such recipient's doctoral program;

[(2) provide additional financial support to each fellowship recipient from non-Federal resources, either in cash or in kind, such as contributions from the business community and civic organizations;

[(3) emphasize courses of study leading to the doctoral degrees in disciplines where minorities are underrepresented; and

[(4) describe steps to ensure that a fellowship recipient will teach at an institution of higher education where minority undergraduate students are likely to benefit from the educational experience and academic achievement of such recipient.

[(f) DESIGNATION.—Students receiving fellowship awards under this part shall be known as "Faculty Development Fellows".

[SEC. 952. FELLOWSHIPS.

[Each institution of higher education or consortium receiving a grant under this part shall award fellowships in an amount equal to the amount awarded to National Science Foundation graduate fellowship recipients for that year, or an amount based on the financial need of the recipient (as determined by the institution in accordance with measurements of need approved by the Secretary) whichever is less.

[SEC. 953. APPLICATION.

[(a) APPLICATION REQUIRED.—Each institution of higher education or consortium desiring a grant under this part shall submit an application to the Secretary at such time, in such manner and containing such information as the Secretary may by regulation reasonably require.

[(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall contain—

[(1) the institution of higher education's or consortium's plan for identifying and recruiting faculty and baccalaureate degree recipients who may participate in the program assisted under this part;

[(2) a description of the program or programs of doctoral study that the institution of higher education or consortium plans to offer in the institution's doctoral program;

[(3) the institution of higher education's or consortium's plan for using minority faculty and other faculty as advisors and academic resources in support of the program assisted under this part;

[(4) a description of other resources of the institution of higher education or consortium, including tuition waivers, assistantships or financial aid other than loans, that such in-

stitution or consortium shall make available to fellowship recipients;

[(5) a description of the method such institution or consortium shall use to determine a student's financial need;

[(6) the names of those undergraduate institutions which are historically or predominantly black colleges and universities or other institutions with significant enrollments of African Americans, Asian Americans, Hispanic Americans, Native Hawaiians, Pacific Islanders, and Native Americans which have agreed to cooperate with the applicant institution to carry out the purposes of this part; and

[(7) such other assurances and information as the Secretary may reasonably require by regulation.

[SEC. 954. FELLOWSHIP AGREEMENT.

[Each recipient of a fellowship under this part shall enter into an agreement with the institution of higher education or consortium awarding such fellowship under which the fellowship recipient shall—

[(1) in the case of a fellowship recipient described in section 951(a)(1), within a 5-year period after completing the doctoral degree for which the fellowship under this part was awarded, teach, for a period of not less than 1 year for each year for which financial assistance under this part was received, in a public or private nonprofit institution of higher education that has a significant minority enrollment;

[(2) in the case of a fellowship recipient described in section 951(a)(2), within a 5-year period after completing the doctoral degree for which the fellowship under this part was awarded, teach, for a period of not less than 1 year for each year for which financial assistance under this part was received, in a public or private nonprofit institution of higher education;

[(3) agree to provide the Secretary with evidence of compliance, determined pursuant to regulations issued by the Secretary, with the provisions of paragraph (1) or (2); and

[(4) repay all or part of the fellowship received, plus interest, and if applicable reasonable collection fees, under regulations issued by the Secretary, in the event the conditions of paragraph (1) or (2) are not complied with, except as provided in section 956.

[SEC. 955. FELLOWSHIP REPAYMENT PROVISIONS.

[A recipient of a fellowship under this part found by the Secretary to be in noncompliance with the agreement entered into under section 954(1) or 954(2) shall be required to repay a pro rata amount of such fellowship assistance received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of title IV) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this part.

[SEC. 956. EXCEPTIONS TO REPAYMENT PROVISIONS.

[(a) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to section 954 (1) or (2) during any period in which the recipient—

[(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

[(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

[(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

[(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

[(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

[(6) is engaged in full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or a public or private nonprofit preschool, education program; or

[(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this part.

[(b) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.—A recipient shall be excused from repayment of any fellowship assistance received under this part if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

[SEC. 957. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART F—ASSISTANCE FOR TRAINING IN THE LEGAL PROFESSION

[SEC. 961. PROGRAM REQUIREMENTS.

[(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to assist minority, low-income, or educationally disadvantaged college graduates to successfully pursue a law degree and service in the legal profession through an annual grant or contract with the Council on Legal Education Opportunity (hereinafter CLEO). A grant or contract under this part shall permit CLEO to use up to 6 percent of the funds provided for administrative costs of the grant or contract.

[(b) SERVICES AUTHORIZED.—A legal training project under this part may provide the following services:

[(1) Assistance and counseling in gaining admission to accredited law schools.

[(2) A 6-week intensive summer program designed to prepare minority, low-income or educationally disadvantaged individuals for the successful completion of legal studies.

[(3) An academic-year program of tutorial services, academic advice and counseling designed to assist eligible participants successfully complete their legal training, which may include—

[(A) instruction in reading, legal research, legal writing skills and problem analysis;

[(B) academic advice and assistance in course selection;

[(C) advisement about financing their legal education and available student financial aid;

[(D) personal and professional counseling relative to career alternatives in the legal profession and bar examination preparation; and

[(E) any other activity consistent with subparagraphs (A) through (D) which furthers the objectives of this part which the Secretary may, by regulation, reasonably require.

[(c) USE OF FUNDS.—The Secretary shall by grant or contract on a biennial basis, with the Council on Legal Education Opportunity, cover all or part of the cost of—

[(1) publicizing the existence and availability of program funds to assist minority, low-income, and educationally disadvantaged individuals to pursue a legal education;

[(2) selecting minority, low-income and educationally disadvantaged individuals for training for the legal profession;

[(3) facilitating the entry of such individuals into law schools at institutions of higher education for the purpose of pursuing a legal education;

[(4) selecting from among all qualified applicants, which shall provide the services authorized by section 961(b) (2) or (3);

[(5) evaluating the quality, impact and continuing feasibility of the programs implemented under section 961(b);

[(6) providing, through the institutions, agencies, and organizations selected under paragraph (4), for not more than 6 months prior to entry of such individuals upon their course of training for the legal profession, or following entry, training designed to assist them to complete successfully such training for the legal profession;

[(7) paying such stipends (including allowances for participant travel and for their dependents) as the Secretary may determine for such individuals for any such period of preliminary training for the legal profession during which such individuals maintain satisfactory academic progress toward the J.D. or LL.B. degree, as determined by the respective institution; and

[(8) paying for administrative activities of the institutions of higher education, agencies, or organizations which receive subgrants or contracts under paragraph (6), or with which such contracts are entered into, to the extent that such activities are for the purpose of furthering the activities described in paragraphs (1) through (7).

[SEC. 962. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $7,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART G—LAW SCHOOL CLINICAL EXPERIENCE PROGRAMS

[SEC. 971. PROGRAM AUTHORIZED.

[(a) GRANT AND CONTRACT PURPOSES.—The Secretary is authorized to enter into grants or contracts with accredited law schools in the States for the purpose of paying not to exceed 90 percent of the costs of continuing, expanding, or establishing programs in such schools to provide clinical experience to students in the practice of law, which includes any form of law student work involving performance in the role of a lawyer exercising legal skills and roles such as those of an advocate, counselor, negotiator, investigator, and ethical practitioner, whether by way of the provision of representation of or services to an identifiable client in actual cases or situations (subject to existing State or local limitations upon such provision) or by way of simulation of such provision through appropriate exercises. Preference shall be given to those programs providing legal experience in the preparation and trial of actual cases, including administrative cases and the settlement of controversies outside the courtroom. The cases and situations handled in actuality or by simulation may encompass any one or more of the following:

[(1) Judicial, administrative, executive, or legislative proceedings, including the full range of preparation therefor.

[(2) Office or house counsel problems.

[(3) Factual investigation, empirical research, or policy or legal analysis.

[(b) USE OF FUNDS.—Such costs may include necessary expenditures incurred for—

[(1) planning;

[(2) training of faculty members and salary for additional faculty members;

[(3) travel and per diem for faculty and students;

[(4) reasonable stipends for students for work in the public service performed as part of any such program at a time other than during the regular academic year;

[(5) equipment and library resources;

[(6) involving practicing lawyers in the process of training law students to perform as lawyers; and

[(7) such other items as are allowed pursuant to regulations issued by the Secretary.

[(c) LIMITATIONS ON AMOUNTS.—No law school may receive more than $250,000 in any fiscal year pursuant to this part, no part of which may be used to pay for indirect costs or charges.

[(d) DEFINITION.—For the purpose of this part, the term "accredited law school" means any law school which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, including any combination or consortium of such schools.

[SEC. 972. APPLICATIONS.

[(a) REQUIREMENTS.—A grant or contract authorized by this part may be made by the Secretary upon application which—

[(1) is made at such time or times and contains such information as the Secretary may prescribe;

[(2) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part; and

[(3) provides for making such reports, in such form and containing such information as the Secretary may require to carry out functions under this part, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

[(b) DISTRIBUTION OF GRANTS AND CONTRACTS.—The Secretary shall allocate grants or contracts under this part in such manner as will provide an equitable distribution of such grants or contracts throughout the United States among law schools which show promise of being able to use funds effectively for the purposes of this part.

[SEC. 973. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

TITLE X—POSTSECONDARY IMPROVEMENT PROGRAMS

PART A—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

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Subpart 2—Special Projects in Areas of National Need

[SEC. 1011. SPECIAL PROJECTS.

[(a) GRANT AUTHORITY.—The Director is authorized to make grants to institutions of higher education, or consortia thereof, and such other public agencies and nonprofit organizations as the Director deems necessary for innovative projects concerning one or more areas of particular national need identified by the Director.

[(b) APPLICATION.—No grant shall be made under this part unless an application is made at such time, in such manner, and contains or is accompanied by such information as the Secretary may require.

[(c) AREAS OF NATIONAL NEED.—Areas of national need shall initially include, but shall not be limited to, the following:

[(1) International exchanges.

[(2) Campus climate and culture.

[(3) Evaluation and dissemination.

[(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

PART B—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAMS

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[SUBPART 2—SCIENCE AND ENGINEERING ACCESS PROGRAMS

[SEC. 1031. MINORITY SUPPORT IN SCIENCE AND ENGINEERING PROGRAMS.

[The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to provide or improve support programs for minority students enrolled in science and engineering programs at institutions with a significant minority enrollment (at least 10 percent).

[SEC. 1032. SPECIAL SERVICE PROJECTS PROGRAM.

[The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to provide or improve support to accredited colleges and universities and professional scientific societies for a broad range of activities designed to eliminate or reduce specific barriers to the entry of minorities into science and technology.

[SEC. 1033. SUPPORTABLE ACTIVITIES.

[Funds appropriated for the purpose of this subpart may be made available for—

[(1) providing needed services to groups of minority institutions or providing training for scientists and engineers from eligible minority institutions;

[(2) providing needed services to groups of institutions serving significant numbers of minority students or providing training for scientists and engineers from such institutions to improve their ability to train minority students in science or engineering;

[(3) assisting minority institutions to improve the quality of preparation of their students for graduate work or careers in science, mathematics, and technology;

[(4) improving access of undergraduate students at minority institutions to careers in the sciences, mathematics, and engineering;

[(5) improving access of minority students, particularly minority women, to careers in the sciences, mathematics, and engineering;

[(6) improving access for pre-college minority students to careers in science, mathematics, and engineering through community outreach programs conducted through colleges and universities eligible for support through the Minority Science and Engineering Improvement Programs;

[(7) disseminating activities, information, and educational materials designed to address specific barriers to the entry of minorities into science and technology, and conducting activities and studies concerning the flow of underrepresented ethnic minorities into scientific careers;

[(8) supporting curriculum models to encourage minority student participation in research careers in science, mathematics, and technology; and

[(9) improving the capability of minority institutions for self-assessment, management, and evaluation of their science, mathematics, and engineering programs and dissemination of their results.]

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[PART C—WOMEN AND MINORITIES SCIENCE AND ENGINEERING OUTREACH DEMONSTRATION PROGRAM

[SEC. 1061. PURPOSE.

[It is the purpose of this part to provide grants to institutions working in partnership with elementary and secondary schools to establish outreach programs for female and minority elementary and secondary school students to increase the participation of those students in science and engineering undergraduate and graduate degree programs.

[SEC. 1062. PROGRAM AUTHORIZED.

[The Secretary shall, in accordance with the provision of this part, award grants to eligible institutions to enable such eligible institutions to pay the Federal share of the costs of carrying out a program that is designed to enhance, coordinate, develop, and expand programs and initiatives which identify and encourage female and minority elementary and secondary school students to pursue higher education in preparation for careers in science and engineering.

[SEC. 1063. ELIGIBLE INSTITUTIONS.

[(a) DEFINITION.—For the purpose of this part the term "eligible institution" means an institution of higher education which—

[(1) has science and engineering programs;

[(2) has female and minority enrollment and retention rates significantly higher than the national averages of such rates, but does not meet the definition of "minority institution" set forth in section 1046(3);

[(3) demonstrates its ability to conduct outreach activities in science and engineering to female and minority students at the elementary and secondary school levels;

[(4) incorporates the use of advanced telecommunications equipment, including fiber optics and interactive video systems, to improve the development of intermodal programs targeted toward female and minority students;

[(5) enters into a partnership agreement with a local educational agency and at least 1 local business or industry; and

[(6) describes in the application submitted pursuant to section 1065 the duties of each partner entering into the partnership agreement described in paragraph (5).

[(b) LIMITATION.—The Secretary shall award at least 40 percent of the total funds made available under this section in any fiscal

year to eligible institutions located in any of the Nation's ten largest metropolitan statistical areas.

[SEC. 1064. AMOUNT, DURATION, AND USE OF FUNDS.

[(a) AMOUNT AND DURATION OF GRANTS.—Grants under this part shall be provided in an amount which is not less than $500,000 in a single fiscal year, and shall be continued for a period not to exceed 5 fiscal years.

[(b) USE OF GRANTS.—Grants provided under this section may be used for—

[(1) the operation and administration of outreach programs to elementary and secondary school students;

[(2) faculty development programs in support of outreach programs;

[(3) curriculum development in support of the outreach programs;

[(4) disseminating information about the outreach programs to elementary and secondary schools and institutions of higher education;

[(5) supporting cooperative efforts with elementary and secondary schools, community groups, business and industry, and other education-related groups, to expand the scope of the outreach programs; and

[(6) establishing infrastructure necessary to operate programs, specifically including telecommunications equipment providing distance learning capabilities.

[SEC. 1065. APPLICATION.

[To receive a grant under this part, an eligible institution shall submit an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall contain a description of the goals of the activities to be assisted.

[SEC. 1066. EVALUATION.

[(a) INDEPENDENT ANNUAL EVALUATION.—The Secretary shall provide for the annual independent evaluation of activities assisted under this part to determine their effectiveness in providing—

[(1) the operation and administration of outreach programs to elementary and secondary school students;

[(2) faculty development programs in support of outreach programs;

[(3) curriculum development in support of the outreach programs;

[(4) disseminating information about the outreach programs to elementary and secondary schools and institutions of higher education;

[(5) supporting cooperative efforts with elementary and secondary schools, community groups, business and industry, and other education-related groups, to expand the scope of outreach programs; and

[(6) establishing infrastructure necessary to operate programs, specifically including telecommunications equipment providing distance learning capabilities.

[(b) EVALUATIONS.—

[(1) CONDUCT AND CRITERIA.—Each evaluation described in subsection (a) shall be conducted by individuals not directly involved in the administration of the activities assisted under this part. Such independent evaluators and the program administrators shall jointly develop evaluation criteria which provide for appropriate analysis of the factors described in subsection (a). When possible, each evaluation shall include comparisons with appropriate control groups.

[(2) PROGRAM EFFECTIVENESS.—In order to determine the effectiveness of assistance provided under this part in achieving the goals stated in the application described in section 1065, each evaluation described in subsection (a) shall contain objective measures of such goals and, where feasible, shall obtain the specific views of participants about the activities assisted under this part.

[(c) REPORT TO CONGRESS AND DISSEMINATION.—The Secretary shall prepare and submit to the Congress a review and summary of the results of the evaluations described in subsection (a) not later than September 30, 1997.

[SEC. 1067. FEDERAL SHARE.

[The Federal share of the costs of activities assisted under this part shall be 90 percent of the costs of such activities in the first year an eligible institution receives a grant under this part, 80 percent of such cost in the second such year, 70 percent of such cost in the third such year, 60 percent of such cost in the fourth such year, and 50 percent of such costs in the fifth such year. The remaining funds shall be provided from non-Federal sources.

[SEC. 1068. SUPPLEMENT NOT SUPPLANT.

[An eligible institution may use funds received under this part only so as to supplement and, to the extent practicable, increase the level of funds that would be available from non-Federal sources for the activities described in section 1064(b) and in no case may such funds be so used as to supplant such funds from such non-Federal sources.

[SEC. 1069. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part, $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years. Not more than 3 percent of the amount appropriated for this part in any fiscal year may be used for purposes of section 1066.

[PART D—DWIGHT D. EISENHOWER LEADERSHIP PROGRAM

[SEC. 1081. SHORT TITLE; ESTABLISHMENT OF THE PROGRAM.

[(a) SHORT TITLE.—This part may be cited as the "Dwight D. Eisenhower Leadership Development Act of 1992".

[(b) ESTABLISHMENT OF PROGRAM.—

[(1) IN GENERAL.—The Secretary shall establish a program to be known as the "Dwight D. Eisenhower Leadership Development Program".

[(2) SPECIAL RULE.—The program assisted under this part shall be established in conjunction with institutions of higher education which are specially prepared to undertake the development of new generations of leaders in the areas of national and international affairs.

[(c) FUNCTIONS OF THE PROGRAM.—The functions of the program assisted under this part shall include—

[(1) stimulating and supporting the development of leadership skills among new generations of American college students;

[(2) directing a national program that identifies, recruits, inspires, and educates outstanding young men and women regarding leadership roles in a wide variety of fields in both the public and private sectors;

[(3) offering opportunities for young American leaders who meet the requirements of section 484(a) of this Act and who are broadly representative of the population of the United States to benefit from internships in national and international organizations, with special attention being given to establishing such opportunities in developing countries;

[(4) developing curriculum for secondary and postsecondary education;

[(5) developing a prototype for understanding and teaching critical leadership skills to young Americans and encouraging institutions of higher education to establish similar leadership programs throughout the United States and abroad; and

[(6) stimulating the theoretical and practical study of leadership and leadership development to develop both a better understanding of leadership and improved methods to teach critical skills to young adults.

[(d) OPERATION OF THE PROGRAM.—The Secretary is authorized to make grants to or enter into cooperative agreements, contracts, or leases with institutions of higher education (as defined in section 1201 of this title), or with nonprofit private organizations in consortia with such institutions, to operate the program assisted under this part.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.]

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[TITLE XI—COMMUNITY SERVICE PROGRAMS

[PART A—URBAN COMMUNITY SERVICE

[SEC. 1101. FINDINGS.

[The Congress finds that—

[(1) the Nation's urban centers are facing increasingly pressing problems and needs in the areas of economic development, community infrastructure and service, social policy, public

health, housing, crime, education, environmental concerns, planning and work force preparation;

[(2) there are, in the Nation's urban institutions, people with underutilized skills, knowledge, and experience who are capable of providing a vast range of services toward the amelioration of the problems described in paragraph (1);

[(3) the skills, knowledge and experience in these urban institutions, if applied in a systematic and sustained manner, can make a significant contribution to the solution of such problems; and

[(4) the application of such skills, knowledge and experience is hindered by the limited funds available to redirect attention to solutions to such urban problems.

[SEC. 1102. PURPOSE; PROGRAM AUTHORIZED.

[(a) PURPOSE.—It is the purpose of this part to provide incentives to urban academic institutions to enable such institutions to work with private and civic organizations to devise and implement solutions to pressing and severe problems in their communities.

[(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program of providing assistance to eligible institutions to enable such institutions to carry out the activities described in section 1104 in accordance with the provisions of this part.

[SEC. 1103. APPLICATION FOR URBAN COMMUNITY SERVICE GRANTS.

[(a) APPLICATION.—

[(1) IN GENERAL.—An eligible institution seeking assistance under this part shall submit to the Secretary an application at such time, in such form, and containing or accompanied by such information and assurances as the Secretary may require by regulation.

[(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall—

[(A) describe the activities and services for which assistance is sought; and

[(B) include a plan that is agreed to by the members of a consortium that includes, in addition to the eligible institution, one or more of the following entities:

[(i) A community college.

[(ii) An urban school system.

[(iii) A local government.

[(iv) A business or other employer.

[(v) A nonprofit institution.

[(3) WAIVER.—The Secretary may waive the consortium requirements described in paragraph (2) for any applicant who can demonstrate to the satisfaction of the Secretary that the applicant has devised an integrated and coordinated plan which meets the purpose of this part.

[(b) PRIORITY IN SELECTION OF APPLICATIONS.—The Secretary shall give priority to applications that propose to conduct joint projects supported by other local, State, and Federal programs.

[(c) SELECTION PROCEDURES.—The Secretary shall, by regulation, develop a formal procedure for the submission of applications under this part and shall publish in the Federal Register an an-

nouncement of that procedure and the availability of funds under this part.

[SEC. 1104. ALLOWABLE ACTIVITIES.

[Funds made available under this part shall be used to support planning, applied research, training, resource exchanges or technology transfers, the delivery of services, or other activities the purpose of which is to design and implement programs to assist urban communities to meet and address their pressing and severe problems, such as the following:

[(1) Work force preparation.

[(2) Urban poverty and the alleviation of such poverty.

[(3) Health care, including delivery and access.

[(4) Underperforming school systems and students.

[(5) Problems faced by the elderly and individuals with disabilities in urban settings.

[(6) Problems faced by families and children.

[(7) Campus and community crime prevention, including enhanced security and safety awareness measures as well as coordinated programs addressing the root causes of crime.

[(8) Urban housing.

[(9) Urban infrastructure.

[(10) Economic development.

[(11) Urban environmental concerns.

[(12) Other problem areas which participants in the consortium described in section 1103(a)(2)(B) concur are of high priority in the urban area.

[(13)(A) Problems faced by individuals with disabilities regarding accessibility to institutions of higher education and other public and private community facilities.

[(B) Amelioration of existing attitudinal barriers that prevent full inclusion by individuals with disabilities with their community.

[SEC. 1105. PEER REVIEW.

[The Secretary shall designate a peer review panel to review applications submitted under this part and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary may consult with other appropriate Cabinet-level officials and with non-Federal organizations, to ensure that the panel will be geographically balanced and be composed of representatives from public and private institutions of higher education, labor, business, State and local government, who have expertise in urban community service or in education.

[SEC. 1106. DISBURSEMENT OF FUNDS.

[(a) MULTIYEAR AVAILABILITY.—Subject to the availability of appropriations, grants under this part may be made on a multiyear basis, except that no institution, individually or as a participant in a consortium of such institutions, may receive such a grant for more than 5 years.

[(b) EQUITABLE GEOGRAPHIC DISTRIBUTION.—The Secretary shall award grants under this part in a manner that achieves equitable geographic distribution of such grants.

[(c) MATCHING REQUIREMENT.—An applicant under this part and the local governments associated with its application shall contrib-

ute to the conduct of the program supported by the grant an amount from non-Federal funds equal to at least one-fourth of the amount of the grant, which contribution may be in cash or in kind.

[SEC. 1107. DESIGNATION OF URBAN GRANT INSTITUTIONS.

[The Secretary shall publish a list of eligible institutions under this part and shall designate these institutions of higher education as "Urban Grant Institutions". The Secretary shall establish a national network of Urban Grant Institutions so that the results of individual projects achieved in one metropolitan area can then be generalized, disseminated, replicated and applied throughout the Nation.

[SEC. 1108. DEFINITIONS.

[As used in this part:

[(1) URBAN AREA.—The term "urban area" means a metropolitan statistical area having a population of not less than 350,000, or two contiguous metropolitan statistical areas having a population of not less than 350,000, or, in any State which does not have a metropolitan statistical area which has such a population, the entity of the State having an agreement or submitting an application under section 1103, or, if no such entity has an agreement, the Secretary shall designate one urban area for the purposes of this part.

[(2) ELIGIBLE INSTITUTION.—The term "eligible institution" means—

[(A) a nonprofit municipal university, established by the governing body of the city in which it is located, and operating as of the date of enactment of the Higher Education Amendments of 1992 under that authority; or

[(B) an institution of higher education, or a consortium of such institutions any one of which meets all of the requirements of this paragraph, which—

[(i) is located in an urban area;

[(ii) draws a substantial portion of its undergraduate students from the urban area in which such institution is located, or from contiguous areas;

[(iii) carries out programs to make postsecondary educational opportunities more accessible to residents of such urban area, or contiguous areas;

[(iv) has the present capacity to provide resources responsive to the needs and priorities of such urban area and contiguous areas;

[(v) offers a range of professional, technical, or graduate programs sufficient to sustain the capacity of such institution to provide such resources; and

[(vi) has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and the people of such areas.

[SEC. 1109. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this part.

[PART B—INNOVATIVE PROJECTS

[Subpart 1—Innovative Projects for Community Service

[SEC. 1121. STATEMENT OF PURPOSE.

[It is the purpose of this subpart to support innovative projects in order to encourage student participation in community service projects, including literacy projects.

[SEC. 1122. INNOVATIVE PROJECTS FOR COMMUNITY SERVICE.

[(a) PROGRAM AUTHORIZED.—

[(1) IN GENERAL.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to and enter into contracts with institutions of higher education (including combinations of such institutions) and with such other public agencies and nonprofit private organizations as the Secretary deems necessary for innovative projects designed to carry out the purpose of this subpart.

[(2) PROJECTS.—The projects described in paragraph (1) may—

[(A) support research regarding the effects of student community service organizations;

[(B) provide assistance to student organizations that work with community service organizations;

[(C) support linkages between youth corps programs, as described in section 122(a)(2) of the National and Community Service Act of 1990 and institutions of higher education; and

[(D) support innovative student service programs.

[(b) APPLICATIONS.—No grant may be made and no contract may be entered into under this section unless an application is made at such time, in such manner, and containing or accompanied by such information as the Secretary may require.

[(c) APPLICABLE PROCEDURES.—

[(1) PROCEDURES.—No application may be approved under subsection (b) unless the National Board of the Fund for Improvement of Postsecondary Education, under procedures established by the Director of such Fund, approves the application.

[(2) SPECIAL RULE.—The provisions of section 1003(b) shall apply to grants made under this subpart.

[(d) DEFINITION.—For the purpose of this subpart, the term "community service" means planned, supervised services designed to improve the quality of life for community residents, particularly community residents with low income, or to assist in the solution of particular problems related to the needs of such residents.

[Subpart 2—Student Literacy Corps and Student Mentoring Corps

[SEC. 1141. PURPOSE.

[It is the purpose of this subpart to provide financial assistance to institutions of higher education to promote the development of literacy corps programs and mentoring corps programs to be operated by institutions of higher education in public community agencies in the communities in which such institutions are located.

[SEC. 1142. LITERACY CORPS PROGRAM AND MENTORING CORPS PROGRAM.

[(a) GENERAL AUTHORITY.—From the amount appropriated for this subpart pursuant to section 1151 for any fiscal year, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to institutions of higher education for not more than 4 years to pay the Federal share of the cost of carrying out a student literacy corps program or a student mentoring corps program.

[(b) LIMITATION.—An institution of higher education shall only receive 1 grant under this subpart in each fiscal year.

[(c) CONTINUATION OF LITERACY OR MENTORING PROGRAM.—Grants under this section are renewable upon application by the institution of higher education in accordance with section 1144.

[(d) FEDERAL SHARE.—

[(1) IN GENERAL.—The Federal share of carrying out a student literacy corps program or a student mentoring corps program under this subpart shall be—

[(A) not more than 100 percent for an initial grant to an institution of higher education; and

[(B) not more than 75 percent for a grant renewed under subsection (c).

[(2) NON-FEDERAL SHARE.—The non-Federal share of carrying out a student literacy corps program or a student mentoring corps program under this subpart may be paid from any non-Federal sources.

[SEC. 1143. USES OF FUNDS.

[(a) IN GENERAL.—Funds made available under this subpart may be used for—

[(1) grants to institutions of higher education for—

[(A) the costs of participation of institutions of higher education in the student literacy corps program or student mentoring corps program for which assistance is sought; and

[(B) stipends for student coordinators engaged in the student literacy corps program or student mentoring corps program for which assistance is sought; and

[(2) technical assistance, collection and dissemination of information, and evaluation in accordance with section 1145.

[(b) LIMITATIONS.—No grant under this subpart to an institution of higher education may exceed $100,000. No institution of higher education may expend more than $35,000 of a grant made under this subpart in the first year in which the institution receives such a grant.

[SEC. 1144. APPLICATIONS.

[(a) APPLICATION REQUIRED.—Each institution of higher education desiring to receive a grant under this subpart shall submit an application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(b) CONTENTS OF APPLICATION.—

[(1) LITERACY CORPS.—Each application to conduct a student literacy corps program under this subpart shall—

[(A) contain assurances that the institution will use the grant in accordance with section 1143;

[(B) contain adequate assurances that—

[(i) the institution has established 1 or more courses of instruction for academic credit which are designed to combine the training of undergraduate students in various academic departments such as social sciences, economics, and education with experience as tutors;

[(ii) such individuals will be required, as a condition of receiving credit in such course, to perform, for each credit, not less than 2 hours a week, of voluntary, uncompensated service during the academic term in a public community agency as a tutor in such agency's educational or literacy program;

[(iii) such tutoring service will be supplementary to the existing instructional services, offered in a structured classroom setting, and furnished under the supervision of qualified personnel; and

[(iv) the institution will locate such tutoring services in one or more public community agencies which serve educationally or economically disadvantaged individuals, and will give priority in providing tutoring services to—

[(I) educationally disadvantaged students receiving services under title I of the Elementary and Secondary Education Act of 1965;

[(II) students with disabilities; and

[(III) illiterate parents of educationally or economically disadvantaged elementary school students, with special emphasis on single-parent households; and

[(C) demonstrate that the institution of higher education has participated, prior to applying for a grant under this subpart, in community service activities, including the conduct of a cooperative education program; and

[(D) contain such other assurances as the Secretary may reasonably require.

[(2) MENTORING CORPS.—Each application to conduct a student mentoring corps program under this subpart shall—

[(A) contain assurances that the institution will use the grant in accordance with section 1144;

[(B) contain adequate assurances that—

[(i) the institution has established 1 or more courses of instruction for academic credit which are designed to combine the training of undergraduate students of

various academic departments with experience as mentors;

[(ii) such individuals will be required, as a condition of receiving credit in such course, to perform not less than 60 hours of voluntary, uncompensated service during the academic term as a mentor to economically disadvantaged children and youth;

[(iii) such mentoring will be complimentary to the existing instructional services offered in a structured classroom setting, and will include structured and informal activities geared towards improving the academic, social and emotional development of children in the programs;

[(iv) the institution will locate public community agencies or elementary or secondary schools which serve educationally or economically disadvantaged youth and will give priority in providing mentoring services to economically disadvantaged children and youth through community-based organizations or elementary or secondary schools;

[(C) demonstrate that the institution of higher education has participated, prior to applying for a grant under this subpart, in community service activities, including the conduct of a cooperative education program; and

[(D) contain such other assurances as the Secretary may reasonably require.

[(c) WAIVER.—

[(1) IN GENERAL.—The Secretary may, upon request of an institution of higher education which does not meet the requirements of subsection (b)(1)(C) or (b)(2)(C), grant a waiver of the requirement under such paragraph if the institution of higher education provides assurances that—

[(A) the institution of higher education has conducted another significant program which involves community outreach and service; or

[(B) its failure to engage in community service-related programs or activities prior to making application under this subpart will not impede the ability of the institution to engage in the outreach efforts necessary to carry out the requirements of this subpart.

[(2) SPECIAL RULE.—An institution of higher education may apply for a waiver as part of the application described in subsection (b).

[(d) CARRYOVER OF FUNDS.—Notwithstanding any other provision of law, in any fiscal year in which funds are appropriated under this subpart but not expended by the end of such fiscal year, at least 75 percent of such funds shall remain available in the succeeding fiscal year to carry out this subpart.

[SEC. 1145. TECHNICAL ASSISTANCE AND COORDINATION CONTRACT.

[To the extent that funds are available therefor pursuant to section 1151, the Secretary may, directly or by way of grant, contract, or other arrangement—

[(1) provide technical assistance to grant recipients under this subpart;

[(2) collect and disseminate information with respect to programs assisted under this subpart; and

[(3) evaluate such programs and issue reports on the results of such evaluations.

[SEC. 1146. DEFINITIONS.

[For the purpose of this subpart—

[(1) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education", in the case of an institution of higher education with a branch campus, means, at the election of the institution—

[(A) a branch campus of the institution; or

[(B) the institution.

[(2) PUBLIC COMMUNITY AGENCY.—The term "public community agency" means an established community agency with an established program of instruction such as elementary and secondary schools, Head Start centers, prisons, agencies serving youth, and agencies serving individuals with disabilities, including disabled veterans.

[Subpart 3—Authorization of Appropriations

[SEC. 1151. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years of which, for any such fiscal year—

[(1) not more than one-third shall be available to carry out subpart 1; and

[(2) not less than two-thirds shall be available to carry out subpart 2.]

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HIGHER EDUCATION AMENDMENTS OF 1986

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TITLE XIII—EDUCATION ADMINISTRATION

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[PART E—NATIONAL ACADEMY OF SCIENCES STUDY

[SEC. 1341. VOLUNTEERS.

[(a) STUDY REQUIRED.—The National Academy of Sciences shall conduct a thorough study of how volunteers can best be used in the classroom. The study required by this section shall include—

[(1) the feasibility of using recipients of student loans made, assured, or guaranteed under part B of title IV of the Act or part E of such title as part of repayment of such loans;

[(2) the use of older Americans as such volunteers;

[(3) the use of business persons and other professionals as volunteers; and

[(4) the place of incentives to encourage volunteerism.

The study required by this section shall examine the methods of using volunteers designed to provide the greatest flexibility for local educational agencies.

[(b) REPORT REQUIRED.—Not later than one year after the date of entering into a contract with the Department of Education for the study described in this section, the National Academy of Sciences shall prepare and submit to the Congress a report, together with a description of programs on the use of volunteers and with such recommendations as deemed appropriate.

[(c) AVAILABILITY OF FUNDS.—The Secretary shall, from funds available for the administration of the Department of Education, make available not to exceed $500,000 for the study required by this section.]

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TITLE XV—AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE HAWAIIAN CULTURE AND ART DEVELOPMENT

SEC. 1501. SHORT TITLE.

This title may be cited as the "American Indian, Alaska Native, and Native Hawaiian Culture and Art Development Act".

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[PART B—NATIVE HAWAIIANS AND ALASKA NATIVES

[SEC. 1521. PROGRAM FOR NATIVE HAWAIIAN AND ALASKA NATIVE CULTURE AND ARTS DEVELOPMENT.

[(a) IN GENERAL.—The Secretary of the Interior is authorized to make grants for the purpose of supporting programs for Native Hawaiian or Alaska Native culture and arts development to any private, nonprofit organization or institution which—

[(1) primarily serves and represents Native Hawaiians or Alaska Natives, and

[(2) has been recognized by the Governor of the State of Hawaii or the Governor of the State of Alaska, as appropriate, for the purpose of making such organization or institution eligible to receive such grants.

[(b) PURPOSE OF GRANTS.—Grants made under subsection (a) shall, to the extent deemed possible by the Secretary and the recipient of the grant, be used—

[(1) to provide scholarly study of, and instruction in, Native Hawaiian or Alaska Native art and culture,

[(2) to establish programs which culminate in the awarding of degrees in the various fields of Native Hawaiian or Alaska Native art and culture, or

[(3) to establish centers and programs with respect to Native Hawaiian or Alaska Native art and culture that are similar in purpose to the centers and programs described in subsections (b) and (c) of section 1510.

[(c) MANAGEMENT OF GRANTS.—

[(1) Any organization or institution which is the recipient of a grant made under subsection (a) shall establish a governing board to manage and control the program with respect to which such grant is made.

[(2) For any grants made with respect to Native Hawaiian art and culture, the members of the governing board which is required to be established under paragraph (1) shall—

[(A) be Native Hawaiians or individuals widely recognized in the field of Native Hawaiian art and culture,

[(B) include a representative of the Office of Hawaiian Affairs of the State of Hawaii,

[(C) include the president of the University of Hawaii,

[(D) include the president of the Bishop Museum, and

[(E) serve for a fixed term of office.

[(3) For any grants made with respect to Alaska Native art and culture, the members of the governing board which is required to be established under paragraph (1) shall—

[(A) include Alaska Natives and individuals widely recognized in the field of Alaska Native art and culture,

[(B) represent the Eskimo, Indian and Aleut cultures of Alaska, and

[(C) serve for a fixed term.

[SEC. 1522. ADMINISTRATIVE PROVISIONS.

[(a) PAYMENTS.—The Secretary may award grants under this part in installments, in advance, or by way of reimbursement and may make necessary adjustments in payments of grants on account of overpayments or underpayments.

[(b) RECOVERY OF OVERPAYMENTS.—

[(1) If the Secretary or a court of competent jurisdiction finds that—

[(A) any person—

[(i) has—

[(I) made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or

[(II) knowingly failed, or caused another to fail, to disclose a material fact; and

[(ii) as a result of such action, has received any funds under this part which such person would not have otherwise received, or

[(B) any person misappropriates any funds paid by the Secretary under this part,

such person shall be liable to repay the amount of such funds to the United States. Any such finding by the Secretary may be made only after an opportunity for a fair hearing.

[(2) Any amount repaid under this subsection shall be returned to the general fund of the Treasury of the United States.

[(c) PENALTIES.—Whoever—

[(1) makes a false statement of a material fact knowing it to be false, or knowingly fails to disclose a material fact, for the purpose of obtaining or increasing for such person or for any other person any payment of funds provided under this part, or

[(2) misappropriates any funds provided under this part,

shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

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HIGHER EDUCATION AMENDMENTS OF 1992

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TITLE XIII—INDIAN HIGHER EDUCATION PROGRAMS

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[PART F—AMERICAN INDIAN POSTSECONDARY ECONOMIC DEVELOPMENT SCHOLARSHIP

[SEC. 1361. AMERICAN INDIAN POSTSECONDARY ECONOMIC DEVELOPMENT SCHOLARSHIP.

[(a) PROGRAM AUTHORIZED.—The Secretary of Education is authorized to make grants, in accordance with the provisions of this part, to federally recognized Indian tribes which lack sufficient numbers of professionally trained tribal members to support established or ongoing economic development initiatives. Priority shall be given to tribes which are not served by federally funded postsecondary institutions. The purpose of such grants is to enable such tribes to make scholarships available to tribal members to assist such members to pursue courses of study leading to an undergraduate or postbaccalaureate degree in order to provide professionally trained tribal members to support such economic development initiatives on Indian reservations.

[(b) DESIGNATION.—A scholarship awarded under this part shall be referred to as an "American Indian Post-Secondary Economic Development Scholarship" (hereafter referred to in this part as "scholarship").

[SEC. 1362. INDIAN SCHOLARSHIPS.

[(a) SELECTION.—Each Indian tribe receiving a grant pursuant to this part for the purpose of providing scholarships shall select tribal members eligible to receive such scholarships. In determining grant recipients the Secretary of Education shall consider—

[(1) geographic distribution of grants; and

[(2) a tribal economic plan which demonstrates how individual recipients shall benefit the economic conditions of the tribe.

[(b) CRITERIA.—Each Indian tribe, in consultation with the Secretary of Education, shall give preference to select, as those tribal members eligible to receive such scholarships, tribal members who have successfully completed at least 30 hours of postsecondary education and who are eligible for readmission to a postsecondary institution.

[SEC. 1363. SCHOLARSHIP CONDITIONS.

[(a) SCHOLARSHIP AGREEMENT.—Each tribal member receiving a scholarship under this part shall enter into an agreement, satisfactory to the Secretary of Education and the tribal government awarding such scholarship, under which such member agrees—

[(1) to utilize the proceeds of such scholarship to pursue a course of study which meets the requirements of the educational institution in which the student is enrolled for an undergraduate or postbaccalaureate degree;

[(2) upon the acquisition of such degree, to work, one year for each year of financial assistance under this part, on the Indian reservation in employment related to the course of study pursued which will support economic development initiatives on such reservation; and

[(3) to maintain satisfactory academic progress, as determined in accordance with section 484(c) of the Higher Education Act of 1965, while in an undergraduate or postbaccalaureate program.

[(b) REPAYMENTS.—Each tribal member found by the Secretary of Education to be in noncompliance with the agreement pursuant to subsection (a)(2) shall be required to repay—

[(1) 100 percent of the total amount of scholarships awarded under this part if such tribal member does not work pursuant to such agreement; or

[(2) a pro rata portion of the total amount of scholarships awarded under this part, as determined by the Secretary of Education, if such tribal member worked pursuant to such agreement but less than the time period required thereunder.

[(c) WAIVER AND SUSPENSION OF SERVICE AGREEMENT.—

[(1) WAIVER.—A federally recognized Indian tribe may, by formal action, waive the service agreement of a tribal member for just cause, as determined in accordance with regulations prescribed by the Secretary. The tribe shall notify the Secretary in writing of any waiver granted under this subsection.

[(2) SUSPENSION.—The obligation of a tribal member to perform services under this part—

[(A) shall be suspended for not more than 18 months if, at the request of the tribal member, the tribe determines that there are no employment opportunities available in any applicable area; and

[(B) shall be suspended if the tribal member ceases to attend an institution of higher education as a consequence of an institutional determination of unsatisfactory performance.

If, at the end of a period of suspension under subparagraph (A), there are still no employment opportunities available which fulfill the requirements of this part, the tribal member's obligations under the agreement shall terminate. A suspension under subparagraph (B) shall be reviewed by the tribe annually, but may be continued indefinitely.

[(d) DISCLAIMER.—No scholarship awarded pursuant to this part shall be considered in determining eligibility for student assistance under title IV of the Higher Education Act of 1965.

[(e) LIMITATION.—Any tribal member selected by an Indian tribe to receive a scholarship under this part shall be eligible to receive a $10,000 scholarship for each academic year of postsecondary education, except that no such member shall receive scholarship assistance under this part for more than 4 years of postsecondary education (including postbaccalaureate).

[(f) COST OF ATTENDANCE.—Calculation of the cost of attendance for the tribal member shall include all costs as determined by the tribe for the purposes of fulfilling the policy of this part.

[(g) ADDITIONAL REQUIREMENTS.—Any tribal member seeking a loan under this part shall apply for and accept the maximum financial aid available from other sources. However, for purposes of determining eligibility, loans provided under this program may not be considered in needs analysis under any other Federal law, and may not penalize tribal members in determining eligibility for other funds.

[(h) APPLICATIONS FOR ASSISTANCE.—Any federally recognized Indian tribe desiring a grant under this part shall submit an application to the Secretary of Education at such time, in such manner, and containing such information as the Secretary may reasonably require. Each such application shall—

[(1) describe the shortages on the reservation of such Indian tribe of professionally trained tribal members necessary to support economic development initiatives on such reservation;

[(2) provide assurances that the Indian tribe will assist in employment placement on the reservation of tribal members receiving scholarship assistance under this part; and

[(3) provide assurances that any tribal member performing work pursuant to this part will be provided compensation, benefits, and working conditions at the same level and to the same extent as any other employee working a similar length of time and doing the same type of work.

[SEC. 1364. REPORT.

[Each federally recognized Indian tribe receiving a grant pursuant to this part shall annually report to the Secretary concerning the administration of such grant, including the identities of any individual receiving a scholarship pursuant to this part, and of any individual performing service pursuant to his or her commitment under this part.

[SEC. 1365. AUTHORIZATION OF APPROPRIATIONS.

[For the purpose of carrying out the provisions of this part, there are authorized to be appropriated $2,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART G—AMERICAN INDIAN TEACHER TRAINING

[SEC. 1371. AMERICAN INDIAN TEACHER TRAINING.

[(a) INSTITUTIONAL SUPPORT.—

[(1) IN GENERAL.—The Secretary of Education is authorized to award grants to tribally controlled postsecondary, vocational and technical institutions for the purposes of—

[(A) developing teacher training programs;

[(B) building articulation agreements between such institutions and other institutions of higher education as defined in section 1201(a) of the Higher Education Act of 1965; and

[(C) basic strengthening of tribally controlled community colleges, as defined in section 2(a)(4) of the Tribally Controlled Community Colleges Act (P.L. 95–471, 25 U.S.C. 1801).

[(2) USE OF GRANTS.—Grants awarded under this subsection shall be for the purpose of providing upper division course work, transfer programs, articulation agreements (similar to those under part D of title I of the Higher Education Act of 1965) with other accredited institutions, telecommunications programs or other mechanisms which directly support the training of American Indian teachers.

[(b) STUDENT SUPPORT GRANTS.—

[(1) IN GENERAL.—The Secretary of Education is authorized to award grants to institutions that have developed teacher training programs under subsection (a) for the purpose of providing financial and programmatic support to American Indian students seeking to participate in such institutions' teacher training programs.

[(2) USE OF GRANTS.—Institutions receiving grants under this section shall require recipients of grants under this subsection to serve as teachers in an Indian community for 1 year for each year of scholarship support received.

[(3) ELIGIBILITY.—Students eligible to receive support grants shall include those who have completed at least 30 hours of postsecondary education and who intend to pursue a 4-year degree.

[(4) WORK REQUIREMENT.—Students who fail to satisfy the requirements of paragraph (2) shall be required to repay a pro rata portion of the total amount of scholarships awarded under this part if the student worked for less than the required time period described in such paragraph.

[(c) SCHOLARSHIPS.—

[(1) AUTHORITY.—The Secretary of Education is authorized to provide scholarship assistance to American Indian students who seek to become teachers and who—

[(A) agree to serve as teachers in an Indian community for 1 year for each year of scholarship support received, and

[(B) have completed at least 30 hours of postsecondary education.

[(2) WORK REQUIREMENT.—Students who fail to satisfy the requirements of paragraph (1) shall be required to repay a pro rata portion of the total amount of scholarships awarded under this part if the student worked for less than the required time period described in paragraph (1)(B).

[(d) DEFINITION.—For purposes of this part, the term "Indian" has the same meaning given such term in section 4(d) of the Indian Self Determination and Education Assistance Act (P.L. 93–638, 20 U.S.C. 450b).

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.]

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TITLE XIV—STUDIES AND COMMISSIONS

PART A—STUDIES BY THE DEPARTMENT OF EDUCATION

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[SEC. 1406. NATIONAL SURVEY OF FACTORS ASSOCIATED WITH PARTICIPATION.

[(a) AUTHORITY OF THE SECRETARY OF EDUCATION.—In order to assure improved and accurate data on the participation of at-risk students in postsecondary education, the Secretary of Education, acting through the National Center for Educational Statistics, shall conduct a special purpose survey on a biennial basis of factors associated with participation of low-income, disadvantaged, non-English language background, disabled, and minority students, including (but not limited to) African American, Native Americans, Native Hawaiians, major Hispanic subgroups, and Asian students from disadvantaged backgrounds in various types of postsecondary education. The survey data shall permit comparisons with other groups that have characteristically participated at higher rates than at-risk students.

[(b) DEVELOPMENT OF THE SURVEY.—The Secretary of Education shall consult with the Congress and the elementary and secondary and higher education community in developing such an annual survey. The survey shall include, but not be limited to—

[(1) academic preparation of groups at key points in the elementary and secondary education process;

[(2) rates of academic progress and graduation from high school;

[(3) participation in postsecondary education by type and control of institution and by program of study;

[(4) persistence rates in postsecondary programs, or, in the case of short-term programs, completion rates; and

[(5) average student financial assistance awarded to groups, including Federal, State, and other assistance.

[(c) REPORT TO CONGRESS.—The Secretary of Education shall report relevant data and conclusions from the survey to Congress on an annual basis, including comparisons of important factors for at-risk and other relevant populations.

[(d) DEVELOPMENT OF PLAN.—In the event of significant findings related to underparticipation rates of at-risk and other students, the Secretary of Education shall submit a plan containing policies and program modifications for ensuring the participation of at-risk students. The plan shall indicate the modifications the Secretary will make to increase participation, including, but not limited to,

increasing information and training, and recommending other relevant changes to the programs under this title.

[(e) PANEL SURVEY ON INCOME DYNAMICS.—

[(1) IN GENERAL.—The Secretary of Education, acting through the National Center for Education Statistics, shall make an interagency agreement with the National Science Foundation to provide for additional questions and an appropriate sample size as part of an existing panel study of income dynamics to provide information on the educational processes and other developmental behavior of Hispanic, black, and non-Hispanic white children and their short-term and long-term consequences.

[(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $900,000 for fiscal year 1993 and such sums for each of the 4 succeeding fiscal years to carry out this subsection.]

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[SEC. 1409. STUDY OF ENVIRONMENTAL HAZARDS IN INSTITUTIONS OF HIGHER EDUCATION.

[(a) STUDY AUTHORIZED.—The Secretary of Education, in cooperation with the Administrator of the Environmental Protection Agency, is authorized to conduct a study of the extent to which asbestos, lead in drinking water, or radon gas pose a threat to the health and safety of students and employees of institutions of higher education.

[(b) SURVEY REQUIRED.—Such study shall include a survey of a representative sample of institutions of higher education in order to assess how widespread such hazards are. A sufficient number of institutions shall be sampled and tested in order to provide reasonable estimates on—

[(1) the number of institutions which contain friable asbestos (as defined in the Asbestos Hazard Emergency Response Act) and how many students and employees may be exposed to unsafe levels of asbestos fibers,

[(2) the number of institutions that have rooms which contain more than 4 picocuries/liter of radon, and

[(3) the number of institutions which contain water fountains or faucets or water coolers which discharge water with more than 10 parts per billion of lead.

[(c) CONSULTATION.—In designing and carrying out such study, the Secretary shall consult with associations representing institutions of higher education, faculty, and other employees.

[(d) REPORT ON STUDY.—The Secretary of Education shall submit a report with the results of the assessment, including the information required by subsection (b), along with recommendations by the Secretary regarding what actions, if any, Congress and the Administration should take to ensure that environmental health hazards, if any, are eliminated. The report shall be presented to Congress not later than July 1, 1995.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $3,000,000 in fiscal year 1994 for the purposes of carrying out this section.]

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[SEC. 1412. NATIONAL JOB BANK FOR TEACHER RECRUITMENT.

[(a) FEASIBILITY STUDY.—The Secretary of Education is authorized to conduct a study on the feasibility of—

[(1) establishing a clearinghouse to operate a national teacher job bank; or

[(2) establishing regional clearinghouses to operate regional teacher job banks.

[(b) NATIONAL TEACHER JOB BANK DEMONSTRATION.—

[(1) PROGRAM AUTHORIZED.—The Secretary of Education is authorized to contract with one or more State entities, nonprofit organizations, or institutions of higher education to establish a national or regional teacher job bank clearinghouse which shall—

[(A) assist local educational agencies and private schools in locating qualified applicants for teaching-related positions; and

[(B) help individuals in locating teaching-related jobs or the training necessary to enter the teaching profession or the field of early childhood or preschool education.

[(2) APPLICATION REQUIRED.—Each entity desiring to enter into a contract with the Secretary of Education for the establishment of a teacher job bank clearinghouse shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require. Each such application shall include—

[(A) a demonstration of the applicant's capacity to efficiently and effectively handle a large volume of inquiries from employers and potential employees;

[(B) a demonstration of support from local educational agencies and private schools and institutions of higher education that are likely to use the services provided by the teacher job bank clearinghouse; and

[(C) a demonstration of ability to provide prospective teachers with information, either directly or by contract with another entity, regarding the certification and licensure requirements of each State which is served by a clearinghouse and information regarding procedures for assisting out-of-State teachers to meet State certification requirements.

[(3) PRIORITY.—The Secretary shall give priority to applications submitted pursuant to paragraph (2) which—

[(A) demonstrate the ability to serve a region of the United States and involve the cooperation of several State educational agencies and institutions of higher education; or

[(B) demonstrate an ability to address shortages of teachers, such as teachers from minority groups, special education teachers, bilingual teachers, or individuals planning to teach in subject areas, geographical areas, or types of schools with shortages.

[(c) USE OF FUNDS.—Each entity, organization, or institution receiving funds under this section may use such funds to—

[(1) develop, in consultation with local education agencies and other appropriate entities, standardized initial application

forms for teaching jobs and related positions, and standardized forms and procedures for announcing available teaching positions;

[(2) coordinate and assist State and local teacher recruitment efforts;

[(3) publish and disseminate information about opportunities for teacher employment and teacher training;

[(4) maintain a system for matching available teachers with job openings for which they are qualified and for tracking the supply of teachers and the demand for teachers among the States;

[(5) encourage the development of programs to recruit and train minorities and individuals with disabilities to become teachers;

[(6) assist employers in checking the background of applicants;

[(7) publicize the availability of scholarships, loans, and other programs that assist individuals wishing to pursue a teaching career;

[(8) assist employers in the development of effective teacher recruitment programs;

[(9) assist in developing reciprocal agreements on teacher certification among States; and

[(10) conduct such other activities and services necessary to carrying out the purposes of this section in accordance with the provisions of this section.

[(d) DEFINITION.—For the purposes of this section, the term "teacher" includes elementary and secondary school classroom teachers, and preschool and early childhood education specialists.

[(e) AUTHORIZATION.—There are authorized to be appropriated $2,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.]

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TITLE XV—RELATED PROGRAMS AND AMENDMENTS TO OTHER LAWS

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[PART B—NATIONAL CLEARINGHOUSE FOR POSTSECONDARY EDUCATION MATERIALS

[SEC. 1521. NATIONAL CLEARINGHOUSE FOR POSTSECONDARY EDUCATION MATERIALS.

[(a) PURPOSE.—The purpose of this section is to coordinate the production and distribution of educational materials in an accessible form, especially audio and digital text production, to college and university based print-disabled populations.

[(b) PROGRAM AUTHORITY.—

[(1) IN GENERAL.—The Secretary of Education is authorized to award a grant or contract to pay the Federal share of the cost of establishing a National Clearinghouse for Postsecondary

Education Materials (hereafter in this part referred to as the "Clearinghouse") to coordinate the production and distribution of educational materials, in an accessible form, including audio and digital, for students with disabilities.

[(2) AWARD BASIS.—The grant or contract awarded pursuant to paragraph (1) shall be made on a competitive basis.

[(3) DURATION.—The grant or contract awarded under this section shall be awarded for a period of 3 years.

[(c) USE OF FUNDS.—The grant or contract awarded under this section shall be used to—

[(1) catalog in computer-readable form postsecondary education materials;

[(2) identify college campus-based services producing taped texts whose technical and reader quality make them eligible for inclusion in the Clearinghouse and share its quality control standards with campus-based student support services offices serving students with disabilities;

[(3) promote data conversion and programming to allow the electronic exchange of bibliographic information between existing on line systems;

[(4) encourage outreach efforts that will educate print-disabled individuals, as defined by section 652(d)(2) of the Individuals With Disabilities Education Act, educators, schools, and agencies about the Clearinghouse's activities;

[(5) upgrade existing computer systems at the Clearinghouse;

[(6) coordinate with identifiable and existing data bases containing postsecondary education materials, including the programs authorized under section 652(d) of the Individuals With Disabilities Act; and

[(7) develop and share national guidelines and standards for the production of audio and digital text materials.

[(d) FEDERAL SHARE LIMITATION.—The Federal share under this section may not be more than—

[(1) 80 percent of the total cost of the program in the first year;

[(2) 60 percent of the total cost of the program in the second year; and

[(3) 50 percent of the total cost of the program in the third year.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the purpose of this section, $1,000,000 for fiscal year 1993 and such sums as may be necessary for each of the fiscal years 1994 and 1995.

[PART C—SCHOOL-BASED DECISIONMAKERS

[SEC. 1531. TRAINING AND TECHNICAL ASSISTANCE FOR SCHOOL-BASED DECISIONMAKERS DEMONSTRATION PROGRAM.

[(a) IN GENERAL.—The Secretary of Education is authorized to make grants to local education agencies, in consortia with one or more institutions of higher education, to establish programs to provide training and technical assistance to school-based

decisionmakers in local education agencies implementing systemwide reform.

[(b) APPLICATION.—To be eligible to receive a training and technical assistance demonstration grant under this section, consortia shall submit an application to the Secretary of Education in such form and containing or accompanied by such information as the Secretary may require. A copy of the application shall also be sent to the State educational agency for notification purposes.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $1,000,000 for fiscal year 1993 and such sums as may be necessary for fiscal years 1994 and 1995.

[PART D—GRANTS FOR SEXUAL OFFENSES EDUCATION

[SEC. 1541. GRANTS FOR CAMPUS SEXUAL OFFENSES EDUCATION.

[(a) GRANTS AUTHORIZED.—

[(1) IN GENERAL.—The Secretary of Education (hereafter in this part referred to as the "Secretary") is authorized to make grants to or enter into contracts with institutions of higher education or consortia of such institutions to enable such institution to carry out sexual offenses education and prevention programs under this section.

[(2) AWARD BASIS.—The Secretary shall award grants and contracts under this section on a competitive basis.

[(3) EQUITABLE PARTICIPATION.—The Secretary shall make every effort to ensure the equitable participation of private and public institutions of higher education and to ensure the equitable geographic participation of such institutions in the activities assisted under this part.

[(4) PRIORITY.—In the award of grants and contracts under this section, the Secretary shall give priority to institutions of higher education or consortia of such institutions that show the greatest need for the sums requested.

[(b) GENERAL SEXUAL OFFENSES PREVENTION AND EDUCATION GRANTS.—Funds provided under this part may be used for the following purposes:

[(1) To provide training for campus security and college personnel, including campus disciplinary or judicial boards, that address the issues of sexual offenses.

[(2) To develop, disseminate, or implement campus security and student disciplinary policies to prevent and discipline sexual offense crimes.

[(3) To develop, enlarge, or strengthen support services programs including medical or psychological counseling to assist victims' recovery from sexual offense crimes.

[(4) To create, disseminate, or otherwise provide assistance and information about victims' options on and off campus to bring disciplinary or other legal action.

[(5) To implement, operate, or improve sexual offense education and prevention programs, including programs making use of peer-to-peer education.

[(c) MODEL GRANTS.—Not less than 25 percent of the funds appropriated for this section in any fiscal year shall be available for

grants or contracts for model demonstration programs which will be coordinated with local rape crisis centers for the development and implementation of quality rape prevention and education curricula and for local programs to provide services to student sexual offense victims.

[(d) ELIGIBILITY.—No institution of higher education or consortium of such institutions shall be eligible to be awarded a grant or contract under this section unless—

[(1) its student code of conduct, or other written policy governing student behavior explicitly prohibits all forms of sexual offenses;

[(2) it has in effect and implements a written policy requiring the disclosure to the victim of any sexual offense of the outcome of any investigation by campus police or campus disciplinary proceedings brought pursuant to the victim's complaint against the alleged perpetrator of the sexual offense, except that nothing in this section shall be interpreted to authorize disclosure to any person other than the victim; and

[(3) the Secretary shall give priority to those applicants who do not have an established campus education program regarding sexual offenses.

[(e) APPLICATIONS.—

[(1) IN GENERAL.—In order to be eligible to be awarded a grant or contract under this section for any fiscal year, an institution of higher education or consortium of such institutions shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe.

[(2) CONTENTS.—Each application submitted under paragraph (1) shall—

[(A) set forth the activities and programs to be carried out with funds granted under this part;

[(B) contain an estimate of the cost for the establishment and operation of such programs;

[(C) explain how the program intends to address the issue of sexual offenses;

[(D) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, to increase the level of funds that would, in the absence of such Federal funds, be made available by the applicant for the purpose described in this part, and in no case to supplant such funds; and

[(E) include such other information and assurances as the Secretary reasonably determines to be necessary.

[(f) GRANTEE REPORTING.—Upon completion of the grant or contract period under this section, the grantee institution or consortium of such institutions shall file a performance report with the Secretary explaining the activities carried out together with an assessment of the effectiveness of those activities in achieving the purposes of this section. The Secretary shall suspend funding for an approved application if an applicant fails to submit an annual performance report.

[(g) DEFINITIONS.—For purposes of this part, the term ''sexual offenses educational and prevention'' includes programs that provide education seminars, peer-to-peer counseling, operation of hotlines,

self-defense courses, the preparation of informational materials, and any other effort to increase campus awareness of the facts about, or to help prevent, sexual offenses.

[(h) GENERAL TERMS AND CONDITIONS.—

[(1) REGULATIONS.—Not later than 90 days after the date of enactment of this section, the Secretary shall publish proposed regulations implementing this section. Not later than 150 days after such date, the Secretary shall publish final regulations implementing this section.

[(2) REPORTS TO CONGRESS.—Not later than 180 days after the end of each fiscal year for which grants or contracts are awarded under this section, the Secretary shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and to crime, a report that includes—

[(A) the amount of grants or contracts awarded under this section;

[(B) a summary of the purposes for which those grants or contracts were awarded and an evaluation of their progress; and

[(C) a copy of each grantee report filed pursuant to subsection (f) of this section.

[(i) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part, there are authorized to be appropriated $10,000,000 for the fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART E—OLYMPIC SCHOLARSHIPS

[SEC. 1543. OLYMPIC SCHOLARSHIPS.

[(a) SCHOLARSHIPS AUTHORIZED.—

[(1) IN GENERAL.—The Secretary of Education is authorized to provide financial assistance to the United States Olympic Education Center or the United States Olympic Training Center to enable such centers to provide financial assistance to athletes who are training at such centers and are pursuing postsecondary education at institutions of higher education (as such term is defined in section 481(a) of the Higher Education Act of 1965).

[(2) AWARD DETERMINATION.—The amount of financial assistance provided to athletes described in paragraph (1) shall be determined in accordance with such athlete's financial need as determined in accordance with part F of title IV of the Higher Education Act of 1965.

[(b) ELIGIBILITY.—The Secretary of Education shall ensure that financial assistance provided under this part is available to both full-time and part-time students who are athletes at centers described in subsection (a).

[(c) APPLICATION.—Each center desiring financial assistance under this section shall submit an application to the Secretary of Education at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

[(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums

as may be necessary for each of the 4 succeeding fiscal years to carry out this section.]

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[PART G—ADVANCED PLACEMENT FEE PAYMENT PROGRAM

[SEC. 1545. ADVANCED PLACEMENT FEE PAYMENT PROGRAM.

[(a) PROGRAM ESTABLISHED.—The Secretary of Education is authorized to make grants to States to enable the States to reimburse individuals to cover part or all of the cost of advance placement test fees, to low-income individuals who—

[(1) are enrolled in an advanced placement class; and

[(2) plan to take an advanced placement test.

[(b) INFORMATION DISSEMINATION.—The State educational agency shall disseminate information on the availability of test fee payments under this section to eligible individuals through secondary school teachers and guidance counselors.

[(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for grants the Secretary of Education shall—

[(1) require that each such application contain a description of the advance placement test fees the State will pay on behalf of individual students;

[(2) require an assurance that any funds received under this section shall only be used to pay advanced placement test fees; and

[(3) contain such information as the Secretary may require to demonstrate that the State will ensure that the student is eligible for payments under this section, including the documentation required by chapter 1 of subpart 2 of part A of title IV of the Higher Education Act of 1965.

[(d) SUPPLEMENTATION OF FUNDING.—Funds provided under this section shall be used to supplement and not supplant other Federal, State, and local or private funds available to assist low-income individuals in paying for advanced placement testing.

[(e) REGULATIONS.—The Secretary of Education shall prescribe such regulations as are necessary to carry out this section.

[(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $3,600,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

[(g) DEFINITION.—As used in this section:

[(1) ADVANCED PLACEMENT TEST.—The term "advanced placement test" includes only an advanced placement test approved by the Secretary of Education for the purposes of this section.

[(2) LOW-INCOME INDIVIDUAL.—The term "low-income individual" has the meaning given the term in section 402A(g)(2) of the Higher Education Act of 1965.]

* * * * * * *

MINORITY VIEWS

We have mixed views on this bill. We support the major provisions of H.R. 720 concerning privatization of the Student Loan Marketing Association (Sallie Mae) and the College Construction Loan Insurance Association (Connie Lee). However, we vigorously object to the provisions in this bill that repeal 53 existing higher education programs. These provisions were repealed without the benefit of any hearing, public comment period, or the opportunity for interested parties to inform us of their views or concerns. This is not the way this committee should conduct its business.

PRIVATIZATION OF SALLIE MAE AND CONNIE LEE

We have worked with the majority in a bi-partisan manner on privatization of Sallie Mae and Connie Lee. With the majority, we met with the Departments of Education and Treasury numerous times to discuss this matter. We met with two affected entities to develop privatization legislation agreeable to them as well. The overwhelming evidence supports privatizing Sallie Mae and Connie Lee.

Deputy Assistant Secretary of the Treasury, Darcy Bradbury, underscored the fundamental reason for privatization when she testified before our committee. Secretary Bradbury stated:

> The Treasury has for a number of years, in Democratic and Republican Administrations, believed it is appropriate to wean a GSE (Government-sponsored enterprise) from Federal sponsorship once the GSE becomes economically viable and successfully fulfills the purpose for which it was created with Federal sponsorship, or when the purpose for which it was created ceases to exist.

The Treasury Department has concluded, and the Education Department concurs, that both Sallie Mae and Connie Lee have met this privatization threshold. We agree, and other witnesses before this committee have come to the same conclusion. For instance, Frederick Khedouri, senior managing director of Bear, Stearns & Co. Inc., a worldwide investment banking firm, stated that:

> Salle Mae is an excellent example of a Federal program—and creating and maintaining a government sponsored enterprise is most definitely a Federal program even though no budget outlays may ever result—for which the time has come to ask a simple question: Will the policy objectives for which Sallie Mae was established still be met if it is no longer a government sponsored enterprise? The answer to this first question is a resounding yes.

In its own behalf, Sallie Mae set out three compelling reasons for its privatization (1) it has accomplished its original mission; (2)

privatizing Sallie Mae will reduce unnecessary borrowing with federal backing; and (3) privatizing Sallie Mae will prove that the government can successfully spin-off a GSE, in effect demonstrating that what was created as a public-private partnership can become a totally private venture once government support is no longer needed.

We think these are compelling reasons to privatize Sallie Mae. We also think that same logic applies to Connie Lee. However, while we find the logic unassailable, we are confounded by the fact that the majority treats the two agencies—Sallie Mae and Connie Lee—differently in the manner in which the two entities are privatized. Sallie Mae's privatization can at best be termed "contingent"; that is, Sallie Mae will only be privatized if Sallie Mae's shareholders agree to such a privatization. We appreciate the majority's concern for the shareholders.

We are at a loss to understand why the majority does not hold a similar concern for Connie Lee's shareholders. Under H.R. 1720, Connie Lee would become privatized upon enactment of the bill. If the federal government has determined that privatization makes sense, and it appears that the Clinton Administration agrees with this proposition (as does Sallie Mae, Connie Lee and the witnesses who appeared before our committee), we should privatize the agency. Certainly we should take steps to ensure a smooth, functional transition from GSE status to privatization.

However, we should not engage in the kind of contingent privatization provided with respect to Sallie Mae. In our opinion, the privatization model used in this bill for Connie Lee is the appropriate model. And we will attempt to apply a similar model to Sallie Mae as H.R. 1720 progresses.

HIGHER EDUCATION PROGRAM REPEALS

We have strong objections to the provisions in H.R. 1720 that repeal a number of important higher education programs. The majority seems to forget that we are the authorizing committee, not the budget or appropriations committees. As such, we should set out an agenda for what is actually needed to make this a better and more productive nation. It is our responsibility to identify important national needs and then to make a strong and convincing case as to why significant federal investments are important, in fact, essential. If this Committee does not make that case, it is hard to imagine that any other committee will.

Unfortunately, in this case the majority is turning its back on that responsibility. H.R. 1720 repeals 53 higher education programs. Many of these programs are receiving funds in the current fiscal year. Thus, the argument that these programs are ones that have either gone unfunded or received small amounts of funding lacks merit. The currently funded programs are receiving close to $100 million this year. Only in Washington, D.C. would anyone claim that $100 million is not much money at all.

To the students who receive Harris or Javits Fellowships, such programs signify the difference between continuing their education or dropping out of school. We do not think that programs that can have such a significant impact on the lives of thousands of students should be repealed or dismissed as insignificant. If we are to repeal

any of these programs, they deserve to be looked at more carefully than the majority has done.

America is a great nation with an unparalleled recognition of the concerns of people with disabilities. Our federal programs offer exemplary leadership striving for new ways to improve the quality of life for citizens with disabilities.

But since the beginning of this Congress, Republicans have set about to change all of that. They have thrown thousands of children off of Supplemental Security Income (SSI); they have eviscerated the Rehabilitation Act; and their Majority Leader in the House wants to repeal the Americans with Disabilities Act, a law which has paved the way for people with disabilities to fully participate in the workforce and to perform everyday activities that most of us take for granted (like the ability to make a phone call from a pay phone).

Now, in this bill, Section 301(a)(25) proposes to repeal faculty development grants, which prepare faculty for the instruction of students with disabilities and train faculty to prepare students with disabilities for postsecondary educational opportunities. For example, these grants can be used by faculty to develop course materials which are accessible to students with disabilities, i.e., produced in a variety of alternative formats so that students with disabilities can read the same documents as their classmates.

Not only are individuals with disabilities under attack, but so are other minority groups. Section 301(a)(34) of the bill would repeal the faculty development fellowship program for underrepresented populations. The program rewards institutions with a record of enhancing higher education access for underrepresented groups with funds to provide fellowships or faculty development programs to individuals from underrepresented groups who are employed as faculty but have not earned a doctoral degree, and individuals from underrepresented groups with financial need who wish to obtain a doctoral degree and enter the higher education professorate.

This program requires repayment or service as a faculty member for each year of fellowship support received. Therefore, it is a program which reaps its own reward. The program also spurs institutions toward greater efforts in areas of national need, helping to produce the highest-quality future college faculty with an unmatched depth and breadth of experience and knowledge.

Section 301(a)(32) also undermines minority participation in graduate education by repealing the Harris fellowship program. This program is the largest, longest-serving trainee program offered to women and minorities anywhere in the federal government. It assists approximately 938 graduate and professional students who demonstrate financial need.

Harris fellowships represent an extremely effective approach to increasing the enrollment of students who are underrepresented in graduate education. Eliminating the program would seriously erode our nation's capacity to ensure equal opportunity in graduate education. The only practical alternative to existing fellowship dollars in increased borrowing and greater dependence on loans. As it stands, loans are necessary in most areas of higher education. To argue who should substitute for fellowships is short-sighted.

At the heart of our educational system lie the nation's libraries. But not even these centers of community learning are being spared in the Republicans' haste to slash the budget. This bill repeals Title II of the Higher Education Act relating to academic libraries and information services; Section 607 relating to foreign language periodicals; and Part A of Title VII relating to academic and library facilities.

Title II is currently funded at $11.5 million, a level that makes a major difference in recruitment of minorities in the field of library science and in supporting doctoral candidates who later replenish faculty in library schools. Additionally, Title II supports major research and demonstration projects in library science which otherwise would not exist.

Section 607 provides grants to libraries to acquire and provide access to research materials published outside the United States. The ability to acquire comprehensive collections helps universities to produce experts knowledgeable about world conditions, as well as business people able to compete in foreign markets.

Part A of Title VII provides grants for construction, improvement, renovation, and repair of academic and library facilities, as well as improvement of major technological and communications equipment. It cannot be argued that this program is not needed. At the end of the 1980's, the capital renewal and replacement needs of U.S. colleges and universities totaled $60 billion, $38 billion of which was needed by public institutions. We have not done a great deal since then to close that gap.

Part A of Title VII is a vehicle through which the federal government can provide vital capital investments in higher education in a far more rational way than the current haphazard process of earmarking. Moreover, without this program, small college and community college library facilities may never attain the technological upgrades they so badly need. The information superhighway will be a futile learning tool if our students cannot gain access to it.

H.R. 1720 also repeals the authority for State Postsecondary Review Entities. The majority notes in its report that student loan defaults have declined in the past few years. We contend that this is the case because we applied more scrutiny, not less, to the student aid programs. Repealing SPREs sends a countervailing message. It removes one of the methods we have in place to make sure that students are not "ripped off" by unscrupulous schools. By repealing SPREs the majority is not serious about fraud and abuse in our student aid programs. Does the majority not care whether gatekeepers are stationed to make sure that taxpayers dollars are wisely spent?

We agree that some SPRE reform is necessary. But repealing SPREs is not equivalent to SPRE reform. And it is definitely not the best solution to whatever problems may exist. We hope to revisit this issue as H.R. 1720 progresses.

WILLIAM L. CLAY.
DALE E. KILDEE.
MATTHEW G. MARTINEZ.
TOM SAWYER.
PATSY T. MINK.
JACK REED.

ELIOT L. ENGEL.
ROBERT C. SCOTT.
LYNN WOOLSEY.
MEL REYNOLDS.
GEORGE MILLER.
PAT WILLIAMS.
MAJOR R. OWENS.
DONALD M. PAYNE.
TIM ROEMER.
XAVIER BECERRA.
GENE GREEN.
CARLOS ROMERO-BARCELÓ.

ADDITIONAL MINORITY VIEWS OF MR. SCOTT

The opportunities offered by higher education have inspired the dreams of individuals seeking to participate in and contribute to our market economy. But for many women and minorities, these dreams have remained dreams deferred. With this in mind, I find it disheartening that the Majority chose the path of least resistance by repealing higher education programs in H.R. 1720 that benefit women and minorities; specifically, Grants to Institutions and Consortia to Encourage Women and Minority Participation in Graduate Education and the Women and Minorities Science and Engineering Outreach Demonstration Program.

The record before this Committee establishes that shifting demographics will result in a workforce where women, minorities, and immigrants constitute a majority. In addition, a global economy and emerging technologies demand that new entrants into the workforce possess advanced skills. In light of these issues, access to graduate education and "pipelining" youth into science and engineering disciplines are critical to preparing women and minorities to fully participate in the workforce of the future.

The American Council on Education (ACE) states in its report "Environments of Support" that "[t]he number of doctorates awarded to African Americans has decreased by 20% over the last decade. While the Hispanic and American Indian doctorate pools have made relative gains, the numbers are still very small and do not reflect their share of the U.S. population. In certain areas of study, minority representation is nearly non-existent. In mathematics, African Americans received only four of 416 doctorates awarded to U.S. citizens in 1990; Hispanics received ten and American Indians, one." These numbers are hardly representative of their populations and are cause for great concern as we assess our readiness for the 21st Century. It is only through continuing our investment in graduate education for women and minorities that we can begin to improve the odds for maintaining a U.S. presence in this global economy.

The ACE report also states that "efforts to increase the success of minorities in graduate education will improve graduate education for all students . . . the changing needs of all students [must] be identified and served through challenging and supportive strategies designed for a changing demography and different national priorities." The "pipeline approach" is an effective strategy for accomplishing this task. The pipeline approach targets children at an early age for an academic career in a certain discipline. The Women and Minorities Science and Engineering Outreach Demonstration Program is an excellent example of the pipeline that builds a pool of scientists and engineers that will be ready for the 21st Century and its challenges. It promotes a partnership between higher education institutions and elementary and secondary

schools for the purpose of encouraging and developing science and engineering interests in our youth.

In closing, women and minorities are part of a historically underserved and overlooked population, yet they will move this country into the 21st century. Eliminating programs designed to prepare them for this role is not sound economic or education policy. Moreover, it does not live up to the new name of this Committee.

ADDITIONAL VIEWS ON H.R. 1720

We are in fundamental disagreement with the provisions in H.R. 1720 that repeal the High School Equivalency Program (HEP) and the College Assistance Migrant Program (CAMP) from the Higher Education Act. These programs provide a unique service to some of the most disadvantaged youth in our country and do so with incredible success rates. The HEP helps migrant students who have dropped out of high school get their GED. CAMP assists migrant students in their first year of college with both counseling and stipends. 69 percent of HEP students successfully complete the program and 96 percent of CAMP students complete their first year of college. There are no other programs that can fill the gap that will be left if HEP and CAMP are eliminated.

These programs bear no similarity to any other federal education program either in the populations they serve, the services they provide, or their extraordinary success rates. Other programs do not and will not serve migrant youth, because they do not have the expertise to know how and where to recruit such children; do not offer the same services; and have far lower success rates. Eliminating HEP and CAMP means slamming the door shut to higher education for migrant students and condemning them to a life of low-skilled jobs.

Over the past 20 years, because of HEP and CAMP, the higher education community has begun to accept migrant youth into the mainstream of postsecondary education. Much of their success has do with the programs' strong academic influences. Most of the programs are hosted by institutions of higher education, including The Pennsylvania State University; California State Universities at Sacramento and Fresno; St. Edwards University in Austin, Texas; University of Oregon at Eugene; Boise State University; University of Houston; University of Tennessee; Inter American University, San German, Puerto Rico; University of South Florida; and State University of New York at New Paltz.

On many campuses, students served by the HEP program, reside in campus dormitories and interact fully in the academic environment of the university. Faculty members often participate in activities with HEP students and assist them in defining and clarifying their goals for future education. The presence of such students on campus is mutually beneficial to the student and the campus. As George R. Newkome, Vice President for Research at the University of South Florida stated, "The determination, perseverance, and courage HEP students demonstrate in the face of significant challenges serve as a model for other students, faculty and staff to emulate."

WILLIAM L. CLAY.
PATSY T. MINK.
ROBERT C. SCOTT.

MATTHEW G. MARTINEZ.
MAJOR R. OWENS.
ROBERT E. ANDREWS.
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