

111TH CONGRESS
1ST SESSION

H. R. 3221

AN ACT

To amend the Higher Education Act of 1965, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Student Aid and Fiscal
3 Responsibility Act of 2009”.

4 **SEC. 2. TABLE OF CONTENTS.**

5 The table of contents is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. References.
- Sec. 4. Prohibition on earmarks.
- Sec. 5. Use of savings for debt reduction.

TITLE I—INVESTING IN STUDENTS AND FAMILIES

Subtitle A—Increasing College Access and Completion

- Sec. 101. Federal Pell Grants.
- Sec. 102. College Access and Completion Innovation Fund.
- Sec. 103. Investment in historically Black colleges and universities and other minority-serving institutions.
- Sec. 104. Investment in cooperative education.
- Sec. 105. Loan forgiveness for servicemembers activated for duty.
- Sec. 106. Veterans Resource Officer Grants.
- Sec. 107. Officer Daniel Faulkner Children of Fallen Heroes Scholarship.
- Sec. 108. Teacher Excellence.

Subtitle B—Student Financial Aid Form Simplification

- Sec. 121. General effective date.
- Sec. 122. Treatment of assets in need analysis.
- Sec. 123. Changes to total income; aid eligibility.

TITLE II—STUDENT LOAN REFORM

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- Sec. 201. Federal Family Education Loan appropriations.
- Sec. 202. Scope and duration of Federal loan insurance program.
- Sec. 203. Applicable interest rates.
- Sec. 204. Federal payments to reduce student interest costs.
- Sec. 205. Federal PLUS Loans.
- Sec. 206. Federal Consolidation Loan.
- Sec. 207. Unsubsidized Stafford loans for middle-income borrowers.
- Sec. 208. Loan repayment for civil legal assistance attorneys.
- Sec. 209. Special allowances.
- Sec. 210. Revised special allowance calculation.
- Sec. 211. Origination of Direct Loans at institutions located outside the United States.
- Sec. 212. Agreements with institutions.
- Sec. 213. Terms and conditions of loans.
- Sec. 214. Contracts.
- Sec. 215. Interest rates.

- Sec. 216. Technical assistance to institutions of higher education.
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Subtitle B—Perkins Loan Reform

- Sec. 221. Federal Direct Perkins Loans terms and conditions.
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- Sec. 311. Purpose.
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TITLE VI—DEFUND ACORN ACT

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1 **SEC. 3. REFERENCES.**

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

8 **SEC. 4. PROHIBITION ON EARMARKS.**

9 None of the funds appropriated pursuant to this Act
 10 may be used for a Congressional earmark as defined in
 11 clause 9(d) of rule XXI of the Rules of the House of Rep-
 12 resentatives.

1 **SEC. 5. USE OF SAVINGS FOR DEBT REDUCTION.**

2 All savings in Federal expenditures not otherwise ex-
3 pended as a result of the enactment of this Act shall be
4 made available for the reduction of the Federal deficit.

5 **TITLE I—INVESTING IN**
6 **STUDENTS AND FAMILIES**
7 **Subtitle A—Increasing College**
8 **Access and Completion**

9 **SEC. 101. FEDERAL PELL GRANTS.**

10 (a) AMOUNT OF GRANTS.—Section 401(b) (20
11 U.S.C. 1070a(b)) is amended—

12 (1) by amending paragraph (2)(A) to read as
13 follows:

14 “(A) The amount of the Federal Pell
15 Grant for a student eligible under this part
16 shall be—

17 “(i) the maximum Federal Pell Grant,
18 as specified in the last enacted appropria-
19 tion Act applicable to that award year,
20 plus

21 “(ii) the amount of the increase cal-
22 culated under paragraph (8)(B) for that
23 year, less

24 “(iii) an amount equal to the amount
25 determined to be the expected family con-

1 tribution with respect to that student for
2 that year.”; and

3 (2) by amending paragraph (8), as amended by
4 the Higher Education Opportunity Act (Public Law
5 110–315), to read as follows:

6 “(8) ADDITIONAL FUNDS.—

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

14 “(i) \$2,030,000,000 for fiscal year
15 2008;

16 “(ii) \$2,733,000,000 for fiscal year
17 2009; and

18 “(iii) such sums as may be necessary
19 for fiscal year 2010 and each subsequent
20 fiscal year to provide the amount of in-
21 crease of the maximum Federal Pell Grant
22 required by clauses (ii) and (iii) of sub-
23 paragraph (B).

24 “(B) INCREASE IN FEDERAL PELL
25 GRANTS.—The amounts made available pursu-

1 ant to subparagraph (A) shall be used to in-
2 crease the amount of the maximum Federal
3 Pell Grant for which a student shall be eligible
4 during an award year, as specified in the last
5 enacted appropriation Act applicable to that
6 award year, by—

7 “(i) \$490 for each of the award years
8 2008–2009 and 2009–2010;

9 “(ii) \$690 for the award year 2010–
10 2011; and

11 “(iii) the amount determined under
12 subparagraph (C) for each succeeding
13 award year.

14 “(C) INFLATION-ADJUSTED AMOUNTS.—

15 “(i) AWARD YEAR 2011–2012.—For
16 award year 2011–2012, the amount deter-
17 mined under this subparagraph for pur-
18 poses of subparagraph (B)(iii) shall be
19 equal to—

20 “(I) \$5,550 or the total max-
21 imum Federal Pell Grant for the pre-
22 ceding award year (as determined
23 under clause (iv)(II)), whichever is
24 greater, increased by a percentage
25 equal to the annual adjustment per-

1 centage for award year 2011–2012;
2 reduced by

3 “(II) \$4,860 or the maximum
4 Federal Pell Grant for which a stu-
5 dent was eligible for the preceding
6 award year, as specified in the last en-
7 acted appropriation Act applicable to
8 that year, whichever is greater; and

9 “(III) rounded to the nearest \$5.

10 “(ii) SUBSEQUENT AWARD YEARS.—
11 For award year 2012–2013 and each of
12 the subsequent award years, the amount
13 determined under this subparagraph for
14 purposes of subparagraph (B)(iii) shall be
15 equal to—

16 “(I) the total maximum Federal
17 Pell Grant for the preceding award
18 year (as determined under clause
19 (iv)(II)), increased by a percentage
20 equal to the annual adjustment per-
21 centage for the award year for which
22 the amount under this subparagraph
23 is being determined; reduced by

24 “(II) \$4,860 or the maximum
25 Federal Pell Grant for which a stu-

1 dent was eligible for the preceding
2 award year, as specified in the last en-
3 acted appropriation Act applicable to
4 that year, whichever is greater; and

5 “(III) rounded to the nearest \$5.

6 “(iii) LIMITATION ON DECREASES.—

7 Notwithstanding clauses (i) and (ii), if the
8 amount determined under clause (i) or (ii)
9 for an award year is less than the amount
10 determined under this paragraph for the
11 preceding award year, the amount deter-
12 mined under such clause for such award
13 year shall be the amount determined under
14 this paragraph for the preceding award
15 year.

16 “(iv) DEFINITIONS.—For purposes of
17 this subparagraph—

18 “(I) the term ‘annual adjustment
19 percentage’ as it applies to an award
20 year is equal to the sum of—

21 “(aa) the estimated percent-
22 age change in the Consumer
23 Price Index (as determined by
24 the Secretary, using the defini-
25 tion in section 478(f)) for the

1 most recent calendar year ending
2 prior to the beginning of that
3 award year; and

4 “(bb) one percentage point;
5 and

6 “(II) the term ‘total maximum
7 Federal Pell Grant’ as it applies to a
8 preceding award year is equal to the
9 sum of—

10 “(aa) the maximum Federal
11 Pell Grant for which a student is
12 eligible during an award year, as
13 specified in the last enacted ap-
14 propriation Act applicable to that
15 preceding award year; and

16 “(bb) the amount of the in-
17 crease in the maximum Federal
18 Pell Grant required by this para-
19 graph for that preceding award
20 year.

21 “(D) PROGRAM REQUIREMENTS AND OP-
22 ERATIONS OTHERWISE UNAFFECTED.—Except
23 as provided in subparagraphs (B) and (C),
24 nothing in this paragraph shall be construed to
25 alter the requirements and operations of the

1 Federal Pell Grant Program as authorized
2 under this section, or to authorize the imposi-
3 tion of additional requirements or operations
4 for the determination and allocation of Federal
5 Pell Grants under this section.

6 “(E) AVAILABILITY OF FUNDS.—The
7 amounts made available by subparagraph (A)
8 for any fiscal year shall be available beginning
9 on October 1 of that fiscal year, and shall re-
10 main available through September 30 of the
11 succeeding fiscal year.”.

12 (b) MULTIPLE PELL GRANT AWARDS.—Section
13 401(b)(5) (20 U.S.C. 1070a(b)(5)) is amended—

14 (1) in subparagraph (A)—

15 (A) by inserting “who is making satisfac-
16 tory academic progress according to the institu-
17 tion’s standards” after “award a student”; and

18 (B) by striking “to permit such student to
19 accelerate the student’s progress toward a de-
20 gree or certificate” and inserting “to permit
21 such student to accelerate the student’s gradua-
22 tion date, whether making full- or part-time
23 progress toward a degree or certificate,”; and

24 (2) by adding at the end the following new sub-
25 paragraph:

1 (C) A student may not receive a combina-
2 tion of first and second scheduled award funds
3 under this paragraph that exceeds the amount
4 the student would otherwise be eligible to re-
5 ceive for the payment period.

6 (c) CONFORMING AMENDMENTS.—Title IV (20
7 U.S.C. 1070 et seq.) is further amended—

8 (1) in section 401(b)(6), as amended by the
9 Higher Education Opportunity Act (Public Law
10 110–315), by striking “the grant level specified in
11 the appropriate Appropriation Act for this subpart
12 for such year” and inserting “the Federal Pell Grant
13 amount, determined under paragraph (2)(A), for
14 which a student is eligible during such award year”;

15 (2) in section 402D(d)(1), by striking “exceed
16 the maximum appropriated Pell Grant” and insert-
17 ing “exceed the Federal Pell Grant amount, deter-
18 mined under section 401(b)(2)(A), for which a stu-
19 dent is eligible”;

20 (3) in section 435(a)(5)(A)(i)(I), by striking
21 “one-half the maximum Federal Pell Grant award
22 for which a student would be eligible” and inserting
23 “one-half the Federal Pell Grant amount, deter-
24 mined under section 401(b)(2)(A), for which a stu-
25 dent would be eligible”;

1 (4) in section 483(e)(3)(A)(ii), by striking
2 “based on the maximum Federal Pell Grant award
3 at the time of application” and inserting “based on
4 the Federal Pell Grant amount, determined under
5 section 401(b)(2)(A), for which a student is eligible
6 at the time of application”;

7 (5) in section 485E(b)(1)(A), by striking “of
8 such students’ potential eligibility for a maximum
9 Federal Pell Grant under subpart 1 of part A” and
10 inserting “of such students’ potential eligibility for
11 the Federal Pell Grant amount, determined under
12 section 401(b)(2)(A), for which the student would be
13 eligible”; and

14 (6) in section 894(f)(2)(C)(ii)(I), by striking
15 “the maximum Federal Pell Grant for each award
16 year” and inserting “the Federal Pell Grant
17 amount, determined under section 401(b)(2)(A), for
18 which a student may be eligible for each award
19 year”.

20 (d) EFFECTIVE DATE.—The amendments made by
21 subsections (a) and (c) of this section shall take effect on
22 July 1, 2010.

1 **SEC. 102. COLLEGE ACCESS AND COMPLETION INNOVA-**
2 **TION FUND.**

3 (a) **HEADER.**—Part E of title VII (20 U.S.C. 1141
4 et seq.) is amended by striking the header of such part
5 and inserting the following:

6 **“PART E—COLLEGE ACCESS AND COMPLETION**
7 **INNOVATION FUND”.**

8 (b) **PURPOSE.**—Part E of title VII (20 U.S.C. 1141
9 et seq.) is further amended by inserting before section 781
10 the following:

11 **“SEC. 780. PURPOSES.**

12 “The purposes of this part are—

13 “(1) to promote innovation in postsecondary
14 education practices and policies by institutions of
15 higher education, States, and nonprofit organiza-
16 tions to improve student success, completion, and
17 post-completion employment, particularly for stu-
18 dents from groups that are underrepresented in
19 postsecondary education; and

20 “(2) to assist States in developing longitudinal
21 data systems, common metrics, and reporting sys-
22 tems to enhance the quality and availability of infor-
23 mation about student success, completion, and post-
24 completion employment.”.

25 (c) **AUTHORIZATION AND APPROPRIATION.**—Section
26 781(a) (20 U.S.C. 1141(a)) is amended to read as follows:

1 “(a) AUTHORIZATION AND APPROPRIATION.—

2 “(1) IN GENERAL.—There are authorized to be
3 appropriated, and there are appropriated, to carry
4 out this part (in addition to any other amounts ap-
5 propriated to carry out this part and out of any
6 money in the Treasury not otherwise appropriated),
7 \$600,000,000 for each of the fiscal years 2010
8 through 2014.

9 “(2) ALLOCATIONS.—Of the amount appro-
10 priated for any fiscal year under paragraph (1)—

11 “(A) 25 percent shall be made available to
12 carry out section 781;

13 “(B) 50 percent shall be made available to
14 carry out section 782;

15 “(C) 23 percent shall be made available to
16 carry out section 783; and

17 “(D) 2 percent shall be made available to
18 carry out section 784.

19 “(3) EXPIRATION OF AUTHORITY.—The author-
20 ity to award grants under this part shall expire at
21 the end of fiscal year 2014.”.

22 (d) STATE GRANTS AND GRANTS TO ELIGIBLE ENTI-
23 TIES.—Part E of title VII (20 U.S.C. 1141 et seq.) is
24 further amended by adding at the end the following:

1 **“SEC. 782. STATE INNOVATION COMPLETION GRANTS.**

2 “(a) PROGRAM AUTHORIZATION.—From the amount
3 appropriated under section 781(a)(2)(B) to carry out this
4 section, the Secretary shall award grants to States on a
5 competitive basis to promote student persistence in, and
6 completion of, postsecondary education.

7 “(b) FEDERAL SHARE; NON-FEDERAL SHARE.—

8 “(1) FEDERAL SHARE.—The amount of the
9 Federal share under this section for a fiscal year
10 shall be equal to $\frac{2}{3}$ of the costs of the activities and
11 services described in subsection (d)(1) that are car-
12 ried out under the grant.

13 “(2) NON-FEDERAL SHARE.—The amount of
14 the non-Federal share under this section shall be
15 equal to $\frac{1}{3}$ of the costs of the activities and services
16 described in subsection (d)(1). The non-Federal
17 share may be in cash or in kind, and may be pro-
18 vided from State resources, contributions from pri-
19 vate organizations, or both.

20 “(3) SUPPLEMENT, NOT SUPPLANT.—The Fed-
21 eral and non-Federal shares required by this para-
22 graph shall be used to supplement, and not sup-
23 plant, State and private resources that would other-
24 wise be expended to carry out activities and services
25 to promote student persistence in and completion of
26 postsecondary education.

1 “(c) APPLICATION AND SELECTION.—

2 “(1) APPLICATION REQUIREMENTS.—For each
3 fiscal year for which a State desires to receive a
4 grant under this section, the State agency with ju-
5 risdiction over higher education, or another agency
6 designated by the Governor or chief executive of the
7 State to administer the grant program under this
8 section, shall submit an application to the Secretary
9 at such time, in such manner, and containing such
10 information as the Secretary may require. Such ap-
11 plication shall include—

12 “(A) a description of the State’s capacity
13 to administer the grant under this section;

14 “(B) a description of the State’s plans for
15 using the grant funds for activities described in
16 subsection (d)(1), including plans for how the
17 State will make special efforts to provide bene-
18 fits to students in the State who are from
19 groups that are underrepresented in postsec-
20 ondary education;

21 “(C) a description of how the State will
22 provide for the non-Federal share from State
23 resources, private contributions, or both;

24 “(D) a description of—

1 “(i) the administrative system that
2 the State has in place to administer the ac-
3 tivities and services described in subsection
4 (d)(1); or

5 “(ii) the plan to develop such adminis-
6 trative system;

7 “(E) a description of the data system the
8 State has or will have in place to measure the
9 performance and progress toward the State’s
10 goals included in the Access and Completion
11 Plan submitted, or that will be submitted,
12 under paragraph (2)(A); and

13 “(F) the assurances under paragraph (2).

14 “(2) STATE ASSURANCES.—The assurances re-
15 quired in paragraph (1)(F) shall include an assur-
16 ance of each of the following:

17 “(A) That the State will submit, not later
18 than July 1, 2011, an Access and Completion
19 Plan to increase the State’s rate of persistence
20 in and completion of postsecondary education.
21 Such plan shall include—

22 “(i) the State’s annual and long-term
23 quantifiable goals with respect to—

24 “(I) the rates of postsecondary
25 enrollment, persistence, and comple-

1 tion, disaggregated by income, race,
2 ethnicity, sex, disability, and age of
3 students;

4 “(II) closing gaps in enrollment,
5 persistence, and completion rates for
6 students from groups that are under-
7 represented in postsecondary edu-
8 cation;

9 “(III) targeting education and
10 training programs to address labor
11 market needs in the State, as such
12 needs are determined by the State, or
13 the State in coordination with the
14 State public employment service, the
15 State workforce investment board, or
16 industry or sector partnerships in the
17 State; and

18 “(IV) improving coordination be-
19 tween public two-year and public four-
20 year institutions of higher education
21 in the State, including supporting
22 comprehensive articulation agreements
23 between such institutions in consulta-
24 tion with faculty from participating
25 institutions; and

1 “(ii) the State’s plan to develop an
2 interoperable statewide longitudinal data
3 system that—

4 “(I) can be linked to other data
5 systems, as applicable, including ele-
6 mentary and secondary education and
7 workforce data systems;

8 “(II) will collect, maintain,
9 disaggregate (by institution, income,
10 race, ethnicity, sex, disability, and age
11 of students), and analyze postsec-
12 ondary education and workforce infor-
13 mation, including—

14 “(aa) postsecondary edu-
15 cation enrollment, persistence,
16 and completion information;

17 “(bb) post-completion em-
18 ployment outcomes of students
19 who enrolled in postsecondary
20 programs and training programs
21 offered by eligible training pro-
22 viders under the Workforce In-
23 vestment Act of 1998 (29 U.S.C.
24 2801 et seq.);

1 “(cc) postsecondary edu-
2 cation and employment outcomes
3 of students who move out of the
4 State; and

5 “(dd) postsecondary instruc-
6 tional workforce information; and

7 “(III) makes the information de-
8 scribed in subclause (I) available to
9 the general public in a manner that is
10 transparent and user-friendly.

11 “(B) That the State has a comprehensive
12 planning or policy formulation process with re-
13 spect to increasing postsecondary enrollment,
14 persistence, and completion that—

15 “(i) encourages coordination between
16 the State administration of grants under
17 this section and similar State programs;

18 “(ii) encourages State practices that
19 are designed to improve rates of enroll-
20 ment and persistence in, and completion
21 of, postsecondary education;

22 “(iii) encourages State policies that
23 are designed to improve rates of enroll-
24 ment and re-enrollment of dislocated work-
25 ers in postsecondary education;

1 “(iv) encourages the full use of State
2 resources in support of financial literacy
3 programs;

4 “(v) considers the postsecondary edu-
5 cation needs of students from groups that
6 are underrepresented in postsecondary
7 education; and

8 “(vi) provides for direct, equitable,
9 and active participation in the comprehen-
10 sive planning or policy formulation process
11 or processes, through membership on State
12 planning commissions, State advisory
13 councils, or other State entities established
14 by the State and consistent with State law,
15 by representatives of—

16 “(I) institutions of higher edu-
17 cation, including at least one member
18 from a junior or community college
19 (as defined in section 312(f));

20 “(II) students;

21 “(III) other providers of postsec-
22 ondary education services (including
23 organizations providing access to such
24 services);

1 “(IV) the general public in the
2 State; and

3 “(V) postsecondary education
4 faculty members, including at least
5 one faculty member whose primary re-
6 sponsibilities are teaching and schol-
7 arship.

8 “(C) That the State will incorporate poli-
9 cies and practices that, through the activities
10 funded under this section, are determined to be
11 effective in improving rates of postsecondary
12 education enrollment, persistence, and comple-
13 tion into the future postsecondary education
14 policies and practices of the State to ensure
15 that the benefits achieved through the activities
16 funded under this section continue beyond the
17 period of the grant.

18 “(D) That the State will participate in the
19 evaluation required under section 784.

20 “(3) SUBGRANTS TO NONPROFIT ORGANIZA-
21 TIONS.—

22 “(A) IN GENERAL.—A State receiving a
23 payment under this section may elect to make
24 a subgrant to one or more nonprofit organiza-
25 tions in the State, or a partnership of such or-

1 organizations, to carry out activities and services
2 described in subsection (d)(1), if the nonprofit
3 organization or partnership—

4 “(i) was in existence on the day before
5 the date of the enactment of the Student
6 Aid and Fiscal Responsibility Act of 2009;
7 and

8 “(ii) as of such day, was participating
9 in activities and services related to pro-
10 moting persistence in, and completion of,
11 postsecondary education, such as the ac-
12 tivities and services described in subsection
13 (d)(1).

14 “(B) NONPROFIT ORGANIZATIONS.—For
15 the purposes of this section, nonprofit organiza-
16 tions in a State include—

17 “(i) agencies with agreements with
18 the Secretary under subsections (b) and (c)
19 of section 428 on the date of the enact-
20 ment of the Student Aid and Fiscal Re-
21 sponsibility Act of 2009;

22 “(ii) nonprofit subsidiaries of agencies
23 described in clause (i), if such subsidiaries
24 were established, pursuant to the law of

1 such State, on or before January 1, 1998;
2 and

3 “(iii) eligible not-for-profit servicers,
4 as defined in section 456(d), with an
5 agreement with the Secretary under sub-
6 section (a)(3) of section 456, except that
7 such a servicer shall only be eligible for a
8 subgrant from the State for which the
9 servicer is receiving an allocation under
10 such agreement.

11 “(4) PRIORITY.—In awarding grants under this
12 section, the Secretary shall give priority to States
13 that enter into a partnership with one of the fol-
14 lowing entities to carry out the activities and serv-
15 ices described in subsection (d)(1):

16 “(A) A philanthropic organization, as such
17 term is defined in section 781(i)(1).

18 “(B) An agency with an agreement with
19 the Secretary under subsections (b) and (c) of
20 section 428 on the date of the enactment of
21 Student Aid and Fiscal Responsibility Act of
22 2009.

23 “(C) A nonprofit subsidiary of agencies de-
24 scribed in subparagraph (B), if such subsidiary

1 was established, pursuant to the law of such
2 State, on or before January 1, 1998.

3 “(d) USES OF FUNDS.—

4 “(1) AUTHORIZED USES.—A State receiving a
5 grant under this section shall use the grant funds
6 to—

7 “(A) provide programs in such State that
8 increase persistence in, and completion of, post-
9 secondary education, which may include—

10 “(i) assisting institutions of higher
11 education in providing financial literacy,
12 education, and counseling to enrolled stu-
13 dents;

14 “(ii) assisting students enrolled in an
15 institution of higher education to reduce
16 the amount of loan debt incurred by such
17 students;

18 “(iii) providing loan counseling, loan
19 delinquency, and default aversion assist-
20 ance to student loan borrowers and institu-
21 tions of higher education;

22 “(iv) providing grants to students de-
23 scribed in section 415A(a)(1), in accord-
24 ance with the terms of that section;

1 “(v) carrying out the activities de-
2 scribed in section 415E(a), in accordance
3 with such section;

4 “(vi) assisting institutions of higher
5 education institute programs of persistence
6 focused on students at risk of not com-
7 pleting; and

8 “(vii) programs to provide financial
9 literacy education and counseling to ele-
10 mentary, secondary, and postsecondary
11 students that include an examination of
12 how financial planning may impact a stu-
13 dent’s ability to pursue postsecondary edu-
14 cation; and

15 “(B) support the development and imple-
16 mentation of a statewide longitudinal data sys-
17 tem, as described in subsection (c)(2)(A)(ii).

18 “(2) PROHIBITED USES.—Funds made avail-
19 able under this section shall not be used to promote
20 any lender’s loans.

21 “(3) RESTRICTIONS ON USE OF FUNDS.—A
22 State—

23 “(A) shall use not less than $\frac{1}{3}$ of the sum
24 of the Federal and non-Federal share used for
25 paragraph (1)(A) on activities that benefit stu-

1 dents enrolled in junior or community colleges
2 (as defined in section 312(f)), two-year public
3 institutions, or two-year programs of instruc-
4 tion at four-year public institutions;

5 “(B) may use not more than 10 percent of
6 the sum of the Federal and non-Federal share
7 under this section for activities described in
8 paragraph (1)(B); and

9 “(C) may use not more than 6 percent of
10 the sum of the Federal and non-Federal share
11 under this section for administrative purposes
12 relating to the grant under this section.

13 “(e) ANNUAL REPORT.—Each State receiving a
14 grant under this section shall submit to the Secretary an
15 annual report on—

16 “(1) the activities and services described in sub-
17 section (d)(1) that are carried out with such grant;

18 “(2) the effectiveness of such activities and
19 services in increasing postsecondary persistence and
20 completion, as determined by measurable progress in
21 achieving the State’s goals for persistence and com-
22 pletion described in the Access and Completion Plan
23 submitted by the State under subsection (c)(2)(A),
24 if such plan has been submitted; and

1 “(3) any other information or assessments the
2 Secretary may require.

3 “(f) DEFINITIONS.—In this section:

4 “(1) DISLOCATED WORKER.—The term ‘dis-
5 located worker’ has the meaning given such term in
6 section 101(9) of the Workforce Investment Act of
7 1998 (29 U.S.C. 2801(9)).

8 “(2) INDUSTRY OR SECTOR PARTNERSHIP.—
9 The term ‘industry or sector partnership’ means a
10 workforce collaborative that organizes key stake-
11 holders in a targeted industry cluster into a working
12 group that focuses on the human capital needs of a
13 targeted industry cluster and that includes—

14 “(A) representatives of multiple firms or
15 employers (including workers) in a targeted in-
16 dustry cluster, including small- and medium-
17 sized employers when practicable;

18 “(B) 1 or more representatives of State
19 labor organizations, trade unions or consortia of
20 trade unions, or other labor organizations;

21 “(C) 1 or more representatives of local
22 workforce investment boards;

23 “(D) 1 or more representatives of postsec-
24 ondary educational institutions or other train-
25 ing providers; and

1 “(E) 1 or more representatives of State
2 workforce agencies or other entities providing
3 employment services.

4 “(3) STATE PUBLIC EMPLOYMENT SERVICE.—
5 The term ‘State public employment service’ has the
6 meaning given such term in section 502(a)(9) of the
7 Student Aid and Fiscal Responsibility Act of 2009.

8 “(4) STATE WORKFORCE INVESTMENT BOARD;
9 LOCAL WORKFORCE INVESTMENT BOARD.—The
10 terms ‘State workforce investment board’ and ‘local
11 workforce investment board’ have the meanings
12 given such terms in section 502(a)(10) of the Stu-
13 dent Aid and Fiscal Responsibility Act of 2009.

14 **“SEC. 783. INNOVATION IN COLLEGE ACCESS AND COMPLE-**
15 **TION NATIONAL ACTIVITIES.**

16 “(a) PROGRAMS AUTHORIZED.—From the amount
17 appropriated under section 781(a)(2)(C) to carry out this
18 section, the Secretary shall award grants, on a competitive
19 basis, to eligible entities in accordance with this section
20 to conduct innovative programs that advance knowledge
21 about, and adoption of, policies and practices that increase
22 the number of individuals with postsecondary degrees or
23 certificates.

24 “(b) ELIGIBLE ENTITIES.—The Secretary is author-
25 ized to award grants under subsection (a) to—

1 “(1) institutions of higher education;

2 “(2) States;

3 “(3) nonprofit organizations with demonstrated
4 experience in the support, improvement, or operation
5 of programs to increase postsecondary completion,
6 including—

7 “(A) agencies with agreements with the
8 Secretary under subsections (b) and (c) of sec-
9 tion 428 on the date of the enactment of the
10 Student Aid and Fiscal Responsibility Act of
11 2009;

12 “(B) nonprofit subsidiaries of agencies de-
13 scribed in subparagraph (A), if such subsidi-
14 aries were established, pursuant to State law,
15 on or before January 1, 1998; and

16 “(C) eligible not-for-profit servicers, as de-
17 fined in section 456(d), with an agreement with
18 the Secretary under subsection (a)(3) of section
19 456, except that such a servicer shall only be el-
20 igible for a subgrant from the State for which
21 the servicer is receiving an allocation under
22 such agreement;

23 “(4) philanthropic organizations (as such term
24 is defined in section 781(i)(1));

1 “(5) entities receiving a grant under chapter 1
2 of subpart 2 of part A of title IV; and

3 “(6) consortia of any of the entities described
4 in paragraphs (1) through (5).

5 “(c) INNOVATION GRANTS.—

6 “(1) MINIMUM AWARD.—A grant awarded
7 under subsection (a) shall be not less than
8 \$1,000,000.

9 “(2) GRANTS USES.—The Secretary’s authority
10 to award grants under subsection (a) includes—

11 “(A) the authority to award to an eligible
12 entity a grant in an amount equal to all or part
13 of the amount of funds received by such entity
14 from philanthropic organizations (as such term
15 is defined in section 781(i)(1)) to conduct inno-
16 vative programs that advance knowledge about,
17 and adoption of, policies and practices that in-
18 crease the number of individuals with postsec-
19 ondary degrees or certificates; and

20 “(B) the authority to award an eligible en-
21 tity a grant to develop 2-year programs that
22 provide supplemental grant or loan benefits to
23 students that—

24 “(i) are designed to improve student
25 outcomes, including degree completion,

1 graduation without student loan debt, and
2 post-completion employment;

3 “(ii) are in addition to the student fi-
4 nancial aid available under title IV of this
5 Act; and

6 “(iii) do not result in the reduction of
7 the amount of that aid or any other stu-
8 dent financial aid for which a student is
9 otherwise eligible under Federal law.

10 “(3) APPLICATION.—To be eligible to receive a
11 grant under subsection (a), an eligible entity shall
12 submit an application at such time, in such manner,
13 and containing such information as the Secretary
14 shall require.

15 “(4) PRIORITIES.—In awarding grants under
16 subsection (a), the Secretary shall give priority to
17 applications that—

18 “(A) are from an eligible entity with dem-
19 onstrated experience in serving students from
20 groups that are underrepresented in postsec-
21 ondary education, including institutions of high-
22 er education that are eligible for assistance
23 under title III or V, or are from a consortium
24 that includes an eligible entity with such experi-
25 ence;

1 “(B) are from an eligible entity that is a
2 public institution of higher education that does
3 not predominantly provide an educational pro-
4 gram for which it awards a bachelor’s degree
5 (or an equivalent degree), or from a consortium
6 that includes at least one such institution;

7 “(C) include activities to increase degree or
8 certificate completion in the fields of science,
9 technology, engineering, and mathematics, in-
10 cluding preparation for, or entry into,
11 postbaccalaureate study, especially for women
12 and other groups of students who are underrep-
13 resented in such fields;

14 “(D) include activities to increase degree
15 or certificate completion for students who are
16 veterans;

17 “(E) include activities that enhance the fi-
18 nancial literacy and awareness of students who
19 are potentially eligible for assistance under this
20 Act, especially those students from groups that
21 are traditionally underrepresented in postsec-
22 ondary education;

23 “(F) include activities to encourage dis-
24 located workers (as such term is defined in sec-
25 tion 101(9) of the Workforce Investment Act of

1 1998 (29 U.S.C. 2801(9)) to complete postsec-
2 ondary education opportunities;

3 “(G) are from an eligible entity that is a
4 philanthropic organization with the primary
5 purpose of providing scholarships and support
6 services to students from groups that are
7 underrepresented in postsecondary education, or
8 are from a consortium that includes such an or-
9 ganization; or

10 “(H) are from an eligible entity that en-
11 courages partnerships between institutions of
12 higher education with high degree-completion
13 rates and institutions of higher education with
14 low degree-completion rates from the same cat-
15 egory of institutions described in section 132(d)
16 to facilitate the sharing of information relating
17 to, and the implementation of, best practices for
18 increasing postsecondary completion.

19 “(5) TECHNICAL ASSISTANCE.—The Secretary
20 may reserve up to \$5,000,000 per year to award
21 grants and contracts to provide technical assistance
22 to eligible entities receiving a grant under subsection
23 (a), including technical assistance on the evaluation
24 conducted in accordance with section 784 and estab-

1 lishing networks of eligible entities receiving grants
2 under such subsection.

3 “(d) REPORTS.—

4 “(1) ANNUAL REPORTS BY ENTITIES.—Each el-
5 igible entity receiving a grant under subsection (a)
6 shall submit to the Secretary an annual report on—

7 “(A) the effectiveness of the program car-
8 ried out with such grant in increasing postsec-
9 ondary completion, as determined by measur-
10 able progress in achieving the goals of the pro-
11 gram, as described in the application for such
12 grant; and

13 “(B) any other information or assessments
14 the Secretary may require.

15 “(2) ANNUAL REPORT TO CONGRESS.—The
16 Secretary shall submit to the authorizing committees
17 an annual report on grants awarded under sub-
18 section (a), including—

19 “(A) the amount awarded to each eligible
20 entity receiving a grant under such subsection;
21 and

22 “(B) a description of the activities con-
23 ducted by each such eligible entity.

1 **“SEC. 784. EVALUATION.**

2 “From the amount appropriated under section
3 781(a)(2)(D), the Director of the Institute of Education
4 Sciences shall evaluate the programs funded under this
5 part. Not later than January 30, 2016, the Director shall
6 issue a final report on such evaluation to the authorizing
7 committees and the Secretary, and shall make such report
8 available to the public.

9 **“SEC. 785. PARTICIPATION OF PRIVATE, NONPROFIT INSTI-**
10 **TUTIONS OF HIGHER EDUCATION.**

11 “(a) VOLUNTARY PARTICIPATION.—A private, non-
12 profit institution of higher education may voluntarily elect
13 to participate in a State’s efforts under this part to in-
14 crease postsecondary enrollment, persistence, and comple-
15 tion. A State—

16 “(1) shall not require any private, nonprofit in-
17 stitution to participate in such efforts; and

18 “(2) may require such an institution that volun-
19 tarily elects to participate in such efforts to provide
20 appropriate information to allow the State to assess
21 the institution’s progress towards the goals described
22 in subclauses (I) and (II) of section 782(c)(2)(A)(i).

23 “(b) RULE OF CONSTRUCTION.—Nothing in this
24 part, including voluntary participation described in sub-
25 section (a), shall be construed to—

1 “(1) authorize the Secretary, a State, or an of-
2 ficer or employee of the Department or of a State
3 to exercise any direction, supervision, or control
4 other than that is currently granted over a private,
5 nonprofit institution of higher education, including
6 control over curriculum, program of instruction, ad-
7 ministration, governance, personnel, articulation, the
8 awarding of credit, graduation or degree require-
9 ments, or admissions;

10 “(2) authorize the Secretary, a State, or an of-
11 ficer or employee of the Department or of a State
12 to require a private, nonprofit institution of higher
13 education to participate in a longitudinal data sys-
14 tem; or

15 “(3) limit the application of the General Edu-
16 cation Provisions Act.

17 “(c) ENFORCEMENT.—If any State fails or refuses
18 to comply with any provision of this section, the State
19 shall no longer be eligible for assistance under this part.”.

20 **SEC. 103. INVESTMENT IN HISTORICALLY BLACK COL-**
21 **LEGES AND UNIVERSITIES AND OTHER MI-**
22 **NORITY-SERVING INSTITUTIONS.**

23 Section 371 (20 U.S.C. 1067q) is amended—

24 (1) in subsection (a)—

1 (A) in paragraph (2), by striking “section
2 502” and inserting “section 502(a)”;

3 (B) in paragraph (3), by striking “section
4 316” and inserting “section 316(b)”;

5 (C) in paragraph (5), by striking “in sub-
6 section (c)” and inserting “in section 318(b)”;

7 (D) in paragraph (6), by striking “in sub-
8 section (c)” and inserting “in section 320(b)”;
9 and

10 (E) in paragraph (7), by striking “in sub-
11 section (c)” and inserting “in section 319(b)”;
12 (2) in subsection (b)—

13 (A) in paragraph (1)(A), by striking
14 “\$255,000,000” and all that follows and insert-
15 ing “\$255,000,000 for each of the fiscal years
16 2008 through 2019. The authority to award
17 grants under this section shall expire at the end
18 of fiscal year 2019.”; and

19 (B) by amending paragraph (2)(B) to read
20 as follows:

21 “(B) STEM AND ARTICULATION PRO-
22 GRAMS.—From the amount made available for
23 allocation under this subparagraph by subpara-
24 graph (A)(i) for any fiscal year—

1 “(i) 90 percent shall be available for
2 Hispanic-serving institutions for activities
3 described in sections 503 and 513, with a
4 priority given to applications that pro-
5 pose—

6 “(I) to increase the number of
7 Hispanic and other low-income stu-
8 dents attaining degrees in the fields of
9 science, technology, engineering, or
10 mathematics; and

11 “(II) to develop model transfer
12 and articulation agreements between
13 2-year Hispanic-serving institutions
14 and 4-year institutions in such fields;
15 and

16 “(ii) 10 percent shall be available for
17 grants under section 355.”;

18 (C) in paragraph (2)(C)(ii), by striking
19 “and shall be available for a competitive” and
20 all that follows and inserting “and shall be
21 made available as grants under section 318 and
22 allotted among such institutions under section
23 318(e), treating such amount, plus the amount
24 appropriated for such fiscal year in a regular or
25 supplemental appropriation Act to carry out

1 section 318, as the amount appropriated to
2 carry out section 318 for purposes of allotments
3 under section 318(e).”; and

4 (D) in paragraph (2)(D)—

5 (i) in clause (iii), by striking “for ac-
6 tivities described in section 311(c)” and in-
7 serting “and shall be made available as
8 grants under section 320, treating such
9 \$5,000,000 as part of the amount appro-
10 priated for such fiscal year in a regular or
11 supplemental appropriation Act to carry
12 out such section and using such
13 \$5,000,000 for purposes described in sub-
14 section (c) of such section”; and

15 (ii) in clause (iv), by striking “de-
16 scribed in subsection (a)(7)—” and all that
17 follows and inserting “and shall be made
18 available as grants under section 319,
19 treating such \$5,000,000 as part of the
20 amount appropriated for such fiscal year
21 in a regular or supplemental appropriation
22 Act to carry out such section and using
23 such \$5,000,000 for purposes described in
24 subsection (c) of such section.”; and

25 (3) by striking subsection (c).

1 **SEC. 104. INVESTMENT IN COOPERATIVE EDUCATION.**

2 There are authorized to be appropriated, and there
3 are appropriated, to carry out part N of title VIII of the
4 Higher Education Act of 1965 (20 U.S.C. 1161n) (in ad-
5 dition to any other amounts appropriated to carry out
6 such part and out of any money in the Treasury not other-
7 wise appropriated), \$10,000,000 for fiscal year 2010. The
8 authority to award grants under part N of title VIII of
9 such Act shall expire at the end of fiscal year 2010.

10 **SEC. 105. LOAN FORGIVENESS FOR SERVICEMEMBERS AC-**
11 **TIVATED FOR DUTY.**

12 (a) IN GENERAL.—Section 484B(b)(2) (20 U.S.C.
13 1091b(b)(2)) is amended by adding at the end the fol-
14 lowing:

15 “(F) TUITION RELIEF FOR STUDENTS
16 CALLED TO MILITARY SERVICE.—

17 “(i) WAIVER OF REPAYMENT BY STU-
18 DENTS CALLED TO MILITARY SERVICE.—In
19 addition to the waivers authorized by sub-
20 paragraphs (D) and (E), the Secretary
21 shall waive the amounts that students are
22 required to return under this section if the
23 withdrawals on which the returns are
24 based are withdrawals necessitated by rea-
25 son of service in the uniformed services.

1 “(ii) LOAN FORGIVENESS AUTHOR-
2 IZED.—Whenever a student’s withdrawal
3 from an institution of higher education is
4 necessitated by reason of service in the
5 uniformed services, the Secretary shall,
6 with respect to the payment period or pe-
7 riod of enrollment for which such student
8 did not receive academic credit as a result
9 of such withdrawal, carry out a program—

10 “(I) through the holder of the
11 loan, to assume the obligation to
12 repay—

13 “(aa) the outstanding prin-
14 cipal and accrued interest on any
15 loan assistance first disbursed to
16 the student before July 1, 2010,
17 under part B (including to a par-
18 ent on behalf of the student
19 under section 428B) for such
20 payment period or period of en-
21 rollment; minus

22 “(bb) any amount of such
23 loan assistance returned by the
24 institution in accordance with
25 paragraph (1) of this subsection

1 for such payment period or pe-
2 riod of enrollment; and

3 “(II) to cancel—

4 “(aa) the outstanding prin-
5 cipal and accrued interest on the
6 loan assistance disbursed to the
7 student under part D (including
8 a Federal Direct PLUS loan dis-
9 bursed to a parent on behalf of
10 the student), or first disbursed to
11 the student under part E before
12 July 1, 2010, for such payment
13 period or period of enrollment;
14 minus

15 “(bb) any amount of such
16 loan assistance returned by the
17 institution in accordance with
18 paragraph (1) of this subsection
19 for such payment period or pe-
20 riod of enrollment.

21 “(iii) REIMBURSEMENT FOR CAN-
22 CELLATION OF PERKINS LOANS.—The Sec-
23 retary shall pay to each institution for
24 each fiscal year an amount equal to the ag-
25 gregate of the amounts of Federal Perkins

1 loans in such institutions's student loan
2 fund which are cancelled pursuant to
3 clause (iii)(II) for such fiscal year, minus
4 an amount equal to the aggregate of the
5 amounts of any such loans so canceled
6 which were made from Federal capital con-
7 tributions to its student loan fund provided
8 by the Secretary under section 468. None
9 of the funds appropriated pursuant to sec-
10 tion 461(b) shall be available for payments
11 pursuant to this paragraph. To the extent
12 feasible, the Secretary shall pay the
13 amounts for which any institution qualifies
14 under this paragraph not later than 3
15 months after the institution files an insti-
16 tutional application for campus-based
17 funds.

18 “(iv) LOAN ELIGIBILITY AND LIMITS
19 FOR STUDENTS.—Any amounts that are
20 returned by an institution in accordance
21 with paragraph (1), or forgiven or waived
22 by the Secretary under this subparagraph,
23 with respect to a payment period or period
24 of enrollment for which a student did not
25 receive academic credit as a result of with-

1 drawal necessitated by reason of service in
2 the uniformed services, shall not be in-
3 cluded in the calculation of the student’s
4 annual or aggregate loan limits for assist-
5 ance under this title, or otherwise affect
6 the student’s eligibility for grants or loans
7 under this title.

8 “(v) DEFINITION.—In this subpara-
9 graph, the term ‘service in the uniformed
10 services’ has the meaning given such term
11 in section 484C(a).”.

12 (b) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by
14 this section shall take effect for periods of service in
15 the uniformed services beginning after the date of
16 the enactment of this Act.

17 (2) DEFINITION.—In this paragraph, the term
18 “period of service in the uniformed services” means
19 the period beginning 30 days prior to the date a stu-
20 dent is required to report to service in the uniformed
21 services (as defined in section 484C(a) of the Higher
22 Education Act of 1965 (20 U.S.C. 1091c(a)) and
23 ending upon termination of the deployment of such
24 student for such service.

1 **SEC. 106. VETERANS RESOURCE OFFICER GRANTS.**

2 Section 873 (20 U.S.C. 1161t) is amended—

3 (1) by amending the header to read as follows:

4 **“MODEL PROGRAMS FOR CENTERS OF EXCEL-**
5 **LENCE FOR VETERAN STUDENT SUCCESS; VET-**
6 **ERANS RESOURCE OFFICERS”**;

7 (2) in subsection (a), by inserting “, or Vet-
8 erans Resource Officers,” after “model programs”;

9 (3) by amending subsection (b) to read as fol-
10 lows:

11 **“(b) GRANT AUTHORIZED.—**

12 **“(1) IN GENERAL.—**Subject to the availability
13 of appropriations under subsection (f), the Secretary
14 shall award grants to institutions of higher edu-
15 cation to—

16 **“(A)** develop model programs to support
17 veteran student success in postsecondary edu-
18 cation; or

19 **“(B)** hire a Veterans Resource Officer to
20 increase the college completion rates for veteran
21 students enrolled at such institutions of higher
22 education.

23 **“(2) GRANT PERIOD.—**A grant awarded under
24 this section shall be awarded for a period of 3
25 years.”; and

26 (4) in subsection (c)—

1 (A) in paragraph (1)—

2 (i) by amending the header to read as
3 follows: “MODEL PROGRAM REQUIRED AC-
4 TIVITIES”; and

5 (ii) in the matter preceding subpara-
6 graph (A), by striking “under this section”
7 and inserting “for the purpose described in
8 subsection (b)(1)(A)”;

9 (B) by redesignating paragraph (2) as
10 paragraph (3); and

11 (C) by inserting after paragraph (1) the
12 following:

13 “(2) VETERANS RESOURCE OFFICER REQUIRED
14 ACTIVITIES.—An institution of higher education re-
15 ceiving a grant for the purpose described in sub-
16 section (b)(1)(B) shall use such grant to hire a Vet-
17 erans Resource Officer whose duties shall include—

18 “(A) serving as a liaison between—

19 “(i) veteran students;

20 “(ii) the faculty and staff of the insti-
21 tution;

22 “(iii) local facilities of the Department
23 of Veterans Affairs; and

24 “(iv) mental healthcare providers at
25 the Department of Veterans Affairs to en-

1 sure that veteran students are referred to
2 such providers if needed; and

3 “(B) organizing and advising veteran stu-
4 dent organizations and hosting veterans-ori-
5 ented group functions on campus;

6 “(C) distributing news and information to
7 all veteran students, including through main-
8 taining newsletters and listserves; and

9 “(D) assisting in the training of Depart-
10 ment of Veterans Affairs certifying officials,
11 when applicable.”.

12 **SEC. 107. OFFICER DANIEL FAULKNER CHILDREN OF FALL-**
13 **EN HEROES SCHOLARSHIP.**

14 (a) **SHORT TITLE.**—This section may be cited as the
15 “Officer Daniel Faulkner Children of Fallen Heroes
16 Scholarship Act of 2009”.

17 (b) **CALCULATION OF ELIGIBILITY.**—Section 473(b)
18 (20 U.S.C. 1087mm(b)(2)) is amended—

19 (1) in paragraph (2)—

20 (A) in the matter preceding subparagraph
21 (A), by inserting “(in the case of a student who
22 meets the requirement of subparagraph (B)(i)),
23 or academic year 2010–2011 (in the case of a
24 student who meets the requirement of subpara-

1 graph (B)(ii),” after “academic year 2009–
2 2010”; and

3 (B) by amending subparagraph (B) to read
4 as follows:

5 “(B) whose parent or guardian was—

6 “(i) a member of the Armed Forces of
7 the United States and died as a result of
8 performing military service in Iraq or Af-
9 ghanistan after September 11, 2001; or

10 “(ii) was actively serving as a public
11 safety officer and died in the line of duty
12 while performing as a public safety officer;
13 and”;

14 (2) in paragraph (3)—

15 (A) by striking “Notwithstanding” and in-
16 serting the following:

17 “(A) ARMED FORCES.—Notwithstanding”;

18 (B) by striking “paragraph (2)” and in-
19 serting “subparagraphs (A), (B)(i), and (C) of
20 paragraph (2)”;

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

22 “(B) PUBLIC SAFETY OFFICERS.—Not-
23 withstanding any other provision of law, unless
24 the Secretary establishes an alternate method
25 to adjust the expected family contribution, a fi-

1 nancial aid administrator shall adjust the ex-
2 pected family contribution in accordance with
3 this subsection for each student who meets the
4 requirements of subparagraphs (A), (B)(ii), and
5 (C) of paragraph (2).”; and

6 (3) by adding at the end the following:

7 “(4) TREATMENT OF PELL AMOUNT.—Notwith-
8 standing section 1212 of the Omnibus Crime Control
9 and Safe Streets Act of 1968, in the case of a stu-
10 dent who receives an increased Federal Pell Grant
11 amount under this section, the total amount of such
12 Federal Pell Grant, including the increase under
13 subparagraph (A), shall not be considered in calcu-
14 lating that student’s educational assistance benefits
15 under the Public Safety Officer’s Benefits program.

16 “(5) DEFINITIONS.—For purposes of this sub-
17 section—

18 “(A) the term ‘public safety officer’ means
19 an individual serving a public agency in an offi-
20 cial capacity, with or without compensation, as
21 a law enforcement officer, as a firefighter, or as
22 a member of a rescue squad or ambulance crew;

23 “(B) the term ‘law enforcement officer’
24 means an individual who—

1 “(i) is authorized by law to engage in
2 or supervise the prevention, detection, in-
3 vestigation, or prosecution of, or the incar-
4 ceration of any person for, any violation of
5 law; and

6 “(ii) has statutory powers of arrest or
7 apprehension;

8 “(C) the term ‘firefighter’ means an indi-
9 vidual who is trained in the suppression of fire
10 or hazardous-materials response and has the
11 legal authority to engage in these duties;

12 “(D) the term ‘member of a rescue squad
13 or ambulance crew’ means an individual who is
14 an officially recognized or designated public em-
15 ployee member of a rescue squad or ambulance
16 crew; and

17 “(E) the term ‘public agency’ means the
18 United States, any State of the United States,
19 the District of Columbia, the Commonwealth of
20 Puerto Rico, the Virgin Islands of the United
21 States, Guam, American Samoa, the Trust Ter-
22 ritory of the Pacific Islands, the Commonwealth
23 of the Northern Mariana Islands, any territory
24 or possession of the United States, or any unit
25 of local government, department, agency, or in-

1 strumentality of any of the foregoing, and the
2 Amtrak Police and Federal Reserve Police de-
3 partments.”.

4 **SEC. 108. TEACHER EXCELLENCE.**

5 (a) **ESTABLISHMENT.**—The Secretary of Education
6 may make grants to local educational agencies for the pur-
7 pose of improving teacher excellence in public elementary
8 and secondary schools.

9 (b) **USE OF FUNDS.**—Grants under this section shall
10 be used for the establishment, expansion, or improvement
11 of—

12 (1) professional development activities that are
13 aligned to the curriculum and student academic
14 needs;

15 (2) mentoring and induction programs for new
16 teachers and principals; or

17 (3) career ladders that allow teachers to take
18 on new professional roles, such as career teachers,
19 mentor teachers, and master teachers.

20 (c) **APPLICATION.**—A local educational agency desir-
21 ing a grant under this section shall submit to the Sec-
22 retary of Education an application at such time, in such
23 manner, and accompanied by such information as the Sec-
24 retary may reasonably require.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—There
 2 are authorized to be appropriated to carry out this section
 3 such sums as may be necessary for fiscal year 2010 and
 4 each of the 5 succeeding fiscal years.

5 **Subtitle B—Student Financial Aid**
 6 **Form Simplification**

7 **SEC. 121. GENERAL EFFECTIVE DATE.**

8 Except as otherwise provided in this subtitle, amend-
 9 ments made by this subtitle shall be effective with respect
 10 to determinations of need for assistance under title IV of
 11 the Higher Education Act of 1965 (20 U.S.C. 1070 et
 12 seq.) for award years beginning on or after July 1, 2011.

13 **SEC. 122. TREATMENT OF ASSETS IN NEED ANALYSIS.**

14 (a) AMOUNT OF NEED.—Section 471 (20 U.S.C.
 15 1087kk) is amended—

16 (1) by striking “Except” and inserting the fol-
 17 lowing:

18 “(a) IN GENERAL.—Except”;

19 (2) by inserting “and subject to subsection (b)”
 20 after “therein”; and

21 (3) by adding at the end the following:

22 “(b) ASSET CAP FOR NEED-BASED AID.—Notwith-
 23 standing any other provision of this title, a student shall
 24 not be eligible to receive a Federal Pell Grant or a Federal
 25 Direct Stafford Loan under this title if—

1 “(1) in the case of a dependent student, the
2 combined net assets of the student and the student’s
3 parents are equal to an amount greater than
4 \$150,000 (or a successor amount prescribed by the
5 Secretary under section 478(c)); or

6 “(2) in the case of an independent student, the
7 net assets of the student (and the student’s spouse,
8 if applicable) are equal to an amount greater than
9 \$150,000 (or a successor amount prescribed by the
10 Secretary under section 478(c)).”.

11 (b) DATA ELEMENTS.—Section 474(b) (20 U.S.C.
12 1087m(b)) is amended—

13 (1) by striking paragraph (4); and

14 (2) by redesignating paragraphs (5), (6), and
15 (7) as paragraphs (4), (5), and (6), respectively.

16 (c) DEPENDENT STUDENTS.—Section 475 (20
17 U.S.C. 1087oo) is amended—

18 (1) in subsection (a)—

19 (A) in paragraph (1)—

20 (i) by striking “adjusted”; and

21 (ii) by inserting “and” after the semi-
22 colon;

23 (B) in paragraph (2), by striking “; and”
24 and inserting a period; and

25 (C) by striking paragraph (3);

1 (2) in subsection (b)—

2 (A) in the header, by striking “AD-
3 JUSTED”;

4 (B) in the matter preceding paragraph (1),
5 by striking “adjusted”;

6 (C) by striking paragraph (1);

7 (D) by redesignating paragraphs (2) and
8 (3) as paragraphs (1) and (2), respectively;

9 (E) in paragraph (1) (as redesignated by
10 subparagraph (D) of this paragraph), by strik-
11 ing “adjusted”; and

12 (F) in paragraph (2) (as redesignated by
13 subparagraph (D) of this paragraph), by strik-
14 ing “paragraph (2)” and inserting “paragraph
15 (1)”;

16 (3) by repealing subsection (d);

17 (4) in subsection (e)—

18 (A) by striking “The adjusted available”
19 and inserting “The available”;

20 (B) by striking “to as ‘AAI’” and insert-
21 ing “to as ‘AI’”;

22 (C) by striking “From Adjusted Available
23 Income (AAI)” and inserting “From Available
24 Income (AI)”;

25 (D) in the table—

1 (i) by striking “*If AAI*” and inserting
2 “*If AI*”; and

3 (ii) by striking “of AAI” each place it
4 appears and inserting “of AI”;

5 (5) in subsection (f)—

6 (A) by striking “and assets” each place it
7 appears;

8 (B) in paragraph (2)(B), by striking “or
9 assets”; and

10 (C) in paragraph (3)—

11 (i) by striking “are taken into” and
12 inserting “is taken into”; and

13 (ii) by striking “adjusted”;

14 (6) in subsection (g)(6), by striking “exceeds
15 the sum of” and all that follows and inserting “ex-
16 ceeds the parents’ total income (as defined in section
17 480).”;

18 (7) by repealing subsection (h); and

19 (8) in subsection (i), by striking “adjusted”
20 each place it appears.

21 (d) FAMILY CONTRIBUTION FOR INDEPENDENT STU-
22 DENTS WITHOUT DEPENDENTS OTHER THAN A
23 SPOUSE.—Section 476 (20 U.S.C. 1087pp) is amended—

24 (1) in subsection (a)—

25 (A) by striking paragraph (1);

1 (B) by redesignating paragraphs (2) and
2 (3) as paragraphs (1) and (2), respectively;

3 (C) in paragraph (1) (as redesignated by
4 subparagraph (B)), by striking “the sum result-
5 ing under paragraph (1)” and inserting “the
6 family’s contribution from available income (de-
7 termined in accordance with subsection (b))”;
8 and

9 (D) in paragraph (2)(A) (as redesignated
10 by subparagraph (B)), by striking “paragraph
11 (2)” and inserting “paragraph (1)”;
12 (2) by repealing subsection (c); and
13 (3) in subsection (d)—

14 (A) by striking “and assets”; and

15 (B) by striking “or assets”.

16 (e) FAMILY CONTRIBUTION FOR INDEPENDENT STU-
17 DENTS WITH DEPENDENTS OTHER THAN A SPOUSE.—
18 Section 477 (20 U.S.C. 1087qq) is amended—

19 (1) in subsection (a)—

20 (A) by striking paragraph (1);

21 (B) by redesignating paragraphs (2), (3),
22 and (4) as paragraphs (1), (2), and (3), respec-
23 tively;

24 (C) in paragraph (1) (as redesignated by
25 subparagraph (B)), by striking “such adjusted

1 available income” and inserting “the family’s
2 available income (determined in accordance with
3 subsection (b))”;

4 (D) in paragraph (2) (as redesignated by
5 subparagraph (B)), by striking “paragraph (2)”
6 and inserting “paragraph (1)”; and

7 (E) in paragraph (3)(A) (as redesignated
8 by subparagraph (B)), by striking “paragraph
9 (3)” and inserting “paragraph (2)”;
10 (2) by repealing subsection (c); and
11 (3) in subsection (d)—

12 (A) by striking “The adjusted available”
13 and inserting “The available”;

14 (B) by striking “to as ‘AAI’” and insert-
15 ing “to as ‘AI’”;

16 (C) by striking “From Adjusted Available
17 Income (AAI)” and inserting “From Available
18 Income (AI)”; and

19 (D) in the table—

20 (i) by striking “*If AAI*” and inserting
21 “*If AI*”; and

22 (ii) by striking “of AAI” each place it
23 appears and inserting “of AI”; and

24 (E) in subsection (e)—

25 (i) by striking “and assets”; and

1 (ii) by striking “or assets”.

2 (f) REGULATIONS; UPDATED TABLES.—Section 478
3 (20 U.S.C. 1087rr) is amended—

4 (1) in subsection (a), by inserting “or amounts,
5 as the case may be,” after “tables” each place the
6 term appears;

7 (2) by amending subsection (c) to read as fol-
8 lows:

9 “(c) ASSET CAP FOR NEED-BASED AID.—For each
10 award year after award year 2011–2012, the Secretary
11 shall publish in the Federal Register a revised net asset
12 cap for the purposes of section 471(b). Such revised cap
13 shall be determined by increasing the dollar amount in
14 such section by a percentage equal to the estimated per-
15 centage change in the Consumer Price Index (as deter-
16 mined by the Secretary) between December 2010 and the
17 December preceding the beginning of such award year,
18 and rounding the result to the nearest \$5.”;

19 (3) by repealing subsection (d); and

20 (4) in subsection (e), by striking “adjusted”
21 both places it appears.

22 **SEC. 123. CHANGES TO TOTAL INCOME; AID ELIGIBILITY.**

23 (a) DEFINITION OF UNTAXED INCOME AND BENE-
24 FITS.—Section 480(b)(1) (20 U.S.C. 1087vv(b)(1)), as

1 amended by the Higher Education Opportunity Act (Pub-
2 lic Law 110–315), is amended—

3 (1) by striking subparagraphs (A), (B), (C),
4 (E), (F), and (I);

5 (2) by redesignating subparagraphs (D), (G),
6 and (H) as subparagraphs (A), (B), and (C), respec-
7 tively;

8 (3) in subparagraph (B) (as redesignated by
9 paragraph (2)), by inserting “and” after the semi-
10 colon; and

11 (4) in subparagraph (C) (as redesignated by
12 paragraph (2)), by striking “; and” and inserting a
13 period.

14 (b) DEFINITION OF ASSETS.—Section 480(f)(2) (20
15 U.S.C. 1087vv(f)(2)) is amended—

16 (1) by striking “or” at the end of subparagraph
17 (B);

18 (2) by striking the period at the end of sub-
19 paragraph (C) and inserting “; or”; and

20 (3) by adding at the end the following:

21 “(D) an employee pension benefit plan (as
22 defined in section 3(2) of the Employee Retirement
23 Income Security Act of 1974 (29 U.S.C.
24 1002(2))).”.

1 (c) FINANCIAL ADMINISTRATOR DISCRETION.—Sec-
2 tion 479A(b) (20 U.S.C. 1087tt) is amended in the sub-
3 section heading, by striking “TO ASSETS”.

4 (d) SUSPENSION OF ELIGIBILITY FOR DRUG-RE-
5 LATED OFFENSES.—Section 484(r)(1) (20 U.S.C.
6 1091(r)(1)) is amended to read as follows:

7 “(1) IN GENERAL.—A student who is convicted
8 of any offense under any Federal or State law in-
9 volving the sale of a controlled substance for conduct
10 that occurred during a period of enrollment for
11 which the student was receiving any grant, loan, or
12 work assistance under this title shall not be eligible
13 to receive any grant, loan, or work assistance under
14 this title from the date of that conviction for the pe-
15 riod of time specified in the following subpara-
16 graphs:

17 “(A) For a first offense, the period of in-
18 eligibility shall be 2 years.

19 “(B) For a second offense, the period of
20 ineligibility shall be indefinite.”.

1 **TITLE II—STUDENT LOAN**
2 **REFORM**
3 **Subtitle A—Stafford Loan Reform**

4 **SEC. 201. FEDERAL FAMILY EDUCATION LOAN APPROPRIA-**
5 **TIONS.**

6 Section 421 (20 U.S.C. 1071) is amended—

7 (1) in subsection (b), in the matter following
8 paragraph (6), by inserting “, except that no sums
9 may be expended after June 30, 2010, with respect
10 to loans under this part for which the first disburse-
11 ment would be made after such date” after “ex-
12 pended”; and

13 (2) by adding at the end the following new sub-
14 section:

15 “(d) **TERMINATION OF AUTHORITY TO MAKE OR IN-**
16 **SURE NEW LOANS.**—Notwithstanding paragraphs (1)
17 through (6) of subsection (b) or any other provision of
18 law—

19 “(1) no new loans (including consolidation
20 loans) may be made or insured under this part after
21 June 30, 2010; and

22 “(2) no funds are authorized to be appro-
23 priated, or may be expended, under this Act or any
24 other Act to make or insure loans under this part

1 (including consolidation loans) for which the first
2 disbursement would be made after June 30, 2010,
3 except as expressly authorized by an Act of Congress en-
4 acted after the date of enactment of the Student Aid and
5 Fiscal Responsibility Act of 2009.”.

6 **SEC. 202. SCOPE AND DURATION OF FEDERAL LOAN INSUR-**
7 **ANCE PROGRAM.**

8 Section 424(a) (20 U.S.C. 1074(a)) is amended by
9 striking “September 30, 1976,” and all that follows and
10 inserting “September 30, 1976, for each of the succeeding
11 fiscal years ending prior to October 1, 2009, and for the
12 period from October 1, 2009, to June 30, 2010, for loans
13 first disbursed on or before June 30, 2010.”.

14 **SEC. 203. APPLICABLE INTEREST RATES.**

15 Section 427A(l) (20 U.S.C. 1077a(l)) is amended—

16 (1) in paragraph (1), by inserting “and before
17 July 1, 2010,” after “July 1, 2006,”;

18 (2) in paragraph (2), by inserting “and before
19 July 1, 2010,” after “July 1, 2006,”;

20 (3) in paragraph (3), by inserting “and that
21 was disbursed before July 1, 2010,” after “July 1,
22 2006,”; and

23 (4) in paragraph (4)—

1 (A) in the matter preceding subparagraph
2 (A), by striking “July 1, 2012” and inserting
3 “July 1, 2010”; and

4 (B) by repealing subparagraphs (D) and
5 (E).

6 **SEC. 204. FEDERAL PAYMENTS TO REDUCE STUDENT IN-**
7 **TEREST COSTS.**

8 (a) HIGHER EDUCATION ACT OF 1965.—Section 428
9 (20 U.S.C. 1078) is amended—

10 (1) in subsection (a)—

11 (A) in paragraph (1), in the matter pre-
12 ceding subparagraph (A), by inserting “for
13 which the first disbursement is made before
14 July 1, 2010, and” after “eligible institution”;
15 and

16 (B) in paragraph (5), by striking “Sep-
17 tember 30, 2014,” and all that follows through
18 the period and inserting “June 30, 2010.”;

19 (2) in subsection (b)(1)—

20 (A) in subparagraph (G)(ii), by inserting
21 “and before July 1, 2010,” after “July 1,
22 2006,”; and

23 (B) in subparagraph (H)(ii), by inserting
24 “and that are first disbursed before July 1,
25 2010,” after “July 1, 2006,”;

1 (3) in subsection (f)(1)(A)(ii)—

2 (A) by striking “during fiscal years begin-
3 ning”; and

4 (B) by inserting “and first disbursed be-
5 fore July 1, 2010,” after “October 1, 2003,”;
6 and

7 (4) in subsection (j)(1), by inserting “, before
8 July 1, 2010,” after “section 435(d)(1)(D) of this
9 Act shall”.

10 (b) COLLEGE COST REDUCTION AND ACCESS ACT.—

11 Section 303 of the College Cost Reduction and Access Act
12 (Public Law 110–84) is repealed.

13 **SEC. 205. FEDERAL PLUS LOANS.**

14 Section 428B(a)(1) (20 U.S.C. 1078–2(a)(1)) is
15 amended by striking “A graduate” and inserting “Prior
16 to July 1, 2010, a graduate”.

17 **SEC. 206. FEDERAL CONSOLIDATION LOAN.**

18 (a) AMENDMENTS.—Section 428C (20 U.S.C. 1078–
19 3) is amended—

20 (1) in subsection (a)(4)(A), by inserting “, and
21 first disbursed before July 1, 2010” after “under
22 this part”;

23 (2) in subsection (b)—

1 (A) in paragraph (1)(E), by inserting be-
2 fore the semicolon “, and before July 1, 2010”;
3 and

4 (B) in paragraph (5), by striking “In the
5 event that” and inserting “If, before July 1,
6 2010,”;

7 (3) in subsection (c)(1)—

8 (A) in subparagraph (A)(ii), by inserting
9 “and that is disbursed before July 1, 2010,”
10 after “2006,”; and

11 (B) in subparagraph (C), by inserting
12 “and first disbursed before July 1, 2010,” after
13 “1994,”; and

14 (4) in subsection (e), by striking “September
15 30, 2014.” and inserting “June 30, 2010. No loan
16 may be made under this section for which the first
17 disbursement would be on or after July 1, 2010.”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 subsection (a)(1)(A) shall be effective at the close of June
20 30, 2010.

21 **SEC. 207. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-**
22 **INCOME BORROWERS.**

23 Section 428H (20 U.S.C. 1078–8) is amended—

1 (1) in subsection (a), by inserting “that are
2 first disbursed before July 1, 2010,” after “under
3 this part”;

4 (2) in subsection (b)—

5 (A) by striking “Any student” and insert-
6 ing “Prior to July 1, 2010, any student”; and

7 (B) by inserting “for which the first dis-
8 bursement is made before such date” after “un-
9 subsidized Federal Stafford Loan”; and

10 (3) in subsection (h), by inserting “and that are
11 first disbursed before July 1, 2010,” after “July 1,
12 2006,”.

13 **SEC. 208. LOAN REPAYMENT FOR CIVIL LEGAL ASSISTANCE**
14 **ATTORNEYS.**

15 Section 428L(b)(2)(A) (20 U.S.C. 1078–
16 12(b)(2)(A)) is amended—

17 (1) by amending clause (i) to read as follows:

18 “(i) subject to clause (ii)—

19 “(I) a loan made, insured, or
20 guaranteed under this part, and that
21 is first disbursed before July 1, 2010;

22 or

23 “(II) a loan made under part D
24 or part E; and”; and

25 (2) in clause (ii)—

1 (A) by striking “428C or 455(g)” and in-
2 serting “428C that is disbursed before July 1,
3 2010, or section 455(g)”; and

4 (B) in subclause (II), by inserting “for
5 which the first disbursement is made before
6 July 1, 2010” after “or 428H”.

7 **SEC. 209. SPECIAL ALLOWANCES.**

8 Section 438 (20 U.S.C. 1087–1) is amended—

9 (1) in subsection (b)(2)(I)—

10 (A) in the header, by inserting “, AND BE-
11 FORE JULY 1, 2010” after “2000”;

12 (B) in clause (i), by inserting “and before
13 July 1, 2010,” after “2000,”;

14 (C) in clause (ii)(II), by inserting “and be-
15 fore July 1, 2010,” after “2006,”;

16 (D) in clause (iii), by inserting “and before
17 July 1, 2010,” after “2000,”;

18 (E) in clause (iv), by inserting “and that
19 is disbursed before July 1, 2010,” after
20 “2000,”;

21 (F) in clause (v)(I), by inserting “and be-
22 fore July 1, 2010,” after “2006,”; and

23 (G) in clause (vi)—

24 (i) in the header, by inserting “, AND
25 BEFORE JULY 1, 2010” after “2007”; and

1 (ii) in the matter preceding subclause
2 (I), by inserting “and before July 1,
3 2010,” after “2007,”;

4 (2) in subsection (c)—

5 (A) in paragraph (2)(B)—

6 (i) in clause (iii), by inserting “and”
7 after the semicolon;

8 (ii) in clause (iv), by striking “; and”
9 and inserting a period; and

10 (iii) by striking clause (v); and

11 (B) in paragraph (6), by inserting “and
12 first disbursed before July 1, 2010,” after
13 “1992,”; and

14 (3) in subsection (d)(2)(B), by inserting “, and
15 before July 1, 2010” after “2007”.

16 **SEC. 210. REVISED SPECIAL ALLOWANCE CALCULATION.**

17 (a) REVISED CALCULATION RULE.—Section
18 438(b)(2)(I) of the Higher Education Act of 1965 (20
19 U.S.C. 1087–1(b)(2)(I)) is amended by adding at the end
20 the following new clause:

21 “(vii) REVISED CALCULATION RULE
22 TO REFLECT FINANCIAL MARKET CONDI-
23 TIONS.—

24 “(I) CALCULATION BASED ON
25 LIBOR.—For the calendar quarter be-

1 ginning on October 1, 2009, and each
2 subsequent calendar quarter, in com-
3 puting the special allowance paid pur-
4 suant to this subsection with respect
5 to loans described in subclause (II),
6 clause (i)(I) of this subparagraph
7 shall be applied by substituting ‘of the
8 1-month London Inter Bank Offered
9 Rate (LIBOR) for United States dol-
10 lars in effect for each of the days in
11 such quarter as compiled and released
12 by the British Bankers Association’
13 for ‘of the quotes of the 3-month com-
14 mercial paper (financial) rates in ef-
15 fect for each of the days in such quar-
16 ter as reported by the Federal Reserve
17 in Publication H-15 (or its successor)
18 for such 3-month period’.

19 “(II) LOANS ELIGIBLE FOR
20 LIBOR-BASED CALCULATION.—The
21 special allowance paid pursuant to
22 this subsection shall be calculated as
23 described in subclause (I) with respect
24 to special allowance payments for the
25 3-month period ending December 31,

1 2009, and each succeeding 3-month
2 period, on loans for which the first
3 disbursement is made—

4 “(aa) on or after the date of
5 enactment of the Student Aid
6 and Fiscal Responsibility Act of
7 2009, and before July 1, 2010;
8 or

9 “(bb) on or after January 1,
10 2000, and before the date of en-
11 actment of the Student Aid and
12 Fiscal Responsibility Act of
13 2009, if, not later than the last
14 day of the second full fiscal quar-
15 ter after the date of enactment of
16 such Act, the holder of the loan
17 (or, if the holder acts as eligible
18 lender trustee for the beneficial
19 owner of the loan, the beneficial
20 owner of the loan), affirmatively
21 and permanently waives all con-
22 tractual, statutory or other legal
23 rights to a special allowance paid
24 pursuant to this subsection that
25 is calculated using the formula in

1 effect at the time the loans were
2 first disbursed.

3 “(III) TERMS OF WAIVER.—

4 “(aa) IN GENERAL.—A
5 waiver pursuant to subclause
6 (II)(bb) shall be in a form (print-
7 ed or electronic) prescribed by
8 the Secretary, and shall be appli-
9 cable to—

10 “(AA) all loans de-
11 scribed in such subclause
12 that the lender holds solely
13 in its own right under any
14 lender identification number
15 associated with the holder
16 (pursuant to section 487B);

17 “(BB) all loans de-
18 scribed in such subclause for
19 which the beneficial owner
20 has the authority to make
21 an election of a waiver under
22 such subclause, regardless of
23 the lender identification
24 number associated with the
25 loan or the lender that holds

1 the loan as eligible lender
2 trustee on behalf of such
3 beneficial owner; and

4 “(CC) all future cal-
5 culations of the special al-
6 lowance on loans that, on
7 the date of such waiver, are
8 loans described in subitem
9 (AA) or (BB), or that, after
10 such date, become loans de-
11 scribed in subitem (AA) or
12 (BB).

13 “(bb) EXCEPTIONS.—Any
14 waiver pursuant to subclause
15 (II)(bb) that is elected for loans
16 described in subitem (AA) or
17 (BB) of item (aa) shall not apply
18 to any loan described in such
19 subitem for which the lender or
20 beneficial owner of the loan dem-
21 onstrates to the satisfaction of
22 the Secretary that—

23 “(AA) in accordance
24 with an agreement entered
25 into before the date of en-

1 actment of the Student Aid
2 and Fiscal Responsibility
3 Act of 2009 by which such
4 lender or owner is governed
5 and that applies to such
6 loans, such lender or owner
7 is not legally permitted to
8 make an election of such
9 waiver with respect to such
10 loans without the approval
11 of one or more third parties
12 with an interest in the loans,
13 and that the lender or owner
14 followed all available options
15 under such agreement to ob-
16 tain such approval, and was
17 unable to do so; or

18 “(BB) such lender or
19 beneficial owner presented
20 the proposal of electing such
21 a waiver applicable to such
22 loans associated with an ob-
23 ligation rated by a nationally
24 recognized statistical rating
25 organization (as defined in

1 section 3(a)(62) of the Secu-
2 rities Exchange Act of
3 1934), and such rating orga-
4 nization provided a written
5 opinion that the agency
6 would downgrade the rating
7 applicable to such obligation
8 if the lender or owner elect-
9 ed such a waiver.

10 “(IV) PARTICIPANT’S YIELD.—
11 For the calendar quarter beginning on
12 October 1, 2009, and each subsequent
13 calendar quarter, the Secretary’s par-
14 ticipant yield in any loan in which the
15 Secretary has purchased a participa-
16 tion interest and for which the first
17 disbursement is made on or after Jan-
18 uary 1, 2000, and before October 1,
19 2009, shall be determined by using
20 the LIBOR-based rate described in
21 subclause (I) as the substitute rate
22 (for the commercial paper rate) re-
23 ferred to in the participation agree-
24 ment between the Secretary and such
25 lender.”.

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

4 (1) in clause (i)(II), by striking “such average
5 bond equivalent rate” and inserting “the rate deter-
6 mined under subclause (I)”; and

7 (2) in clause (v)(III) by striking “(iv), and (vi)”
8 and inserting “(iv), (vi), and (vii)”.

9 **SEC. 211. ORIGINATION OF DIRECT LOANS AT INSTITU-**
10 **TIONS LOCATED OUTSIDE THE UNITED**
11 **STATES.**

12 (a) LOANS FOR STUDENTS ATTENDING INSTITU-
13 TIONS LOCATED OUTSIDE THE UNITED STATES.—Sec-
14 tion 452 (20 U.S.C. 1087b) is amended by adding at the
15 end the following:

16 “(d) INSTITUTIONS LOCATED OUTSIDE THE UNITED
17 STATES.—Loan funds for students (and parents of stu-
18 dents) attending institutions located outside the United
19 States shall be disbursed through a financial institution
20 located in the United States and designated by the Sec-
21 retary to serve as the agent of such institutions with re-
22 spect to the receipt of the disbursements of such loan
23 funds and the transfer of such funds to such institutions.
24 To be eligible to receive funds under this part, an other-
25 wise eligible institution located outside the United States

1 shall make arrangements, subject to regulations by the
2 Secretary, with the agent designated by the Secretary
3 under this subsection to receive funds under this part.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) AMENDMENTS.—Section 102 (20 U.S.C.
6 1002), as amended by section 102 of the Higher
7 Education Opportunity Act (Public Law 110–315)
8 and section 101 of Public Law 111–39, is amend-
9 ed—

10 (A) by striking “part B” each place it ap-
11 pears and inserting “part D”;

12 (B) in subsection (a)(1)(C), by inserting “,
13 consistent with the requirements of section
14 452(d)” before the period at the end; and

15 (C) in subsection (a)(2)(A)—

16 (i) in the matter preceding clause (i),
17 by striking “made, insured, or guaranteed”
18 and inserting “made”; and

19 (ii) in clause (iii)—

20 (I) in subclause (III), by striking
21 “only Federal Stafford” and all that
22 follows through “section 428B” and
23 inserting “only Federal Direct Staf-
24 ford Loans under section
25 455(a)(2)(A), Federal Direct Unsub-

1 subsidized Stafford Loans under section
2 455(a)(2)(D), or Federal Direct
3 PLUS Loans under section
4 455(a)(2)(B)”; and

5 (II) in subclause (V), by striking
6 “a Federal Stafford” and all that fol-
7 lows through “section 428B” and in-
8 serting “a Federal Direct Stafford
9 Loan under section 455(a)(2)(A), a
10 Federal Direct Unsubsidized Stafford
11 Loan under section 455(a)(2)(D), or a
12 Federal Direct PLUS Loan under
13 section 455(a)(2)(B)”.

14 (2) EFFECTIVE DATE.—The amendments made
15 by subparagraph (C) of paragraph (1) shall be effec-
16 tive as if enacted as part of section 102(a)(1) of the
17 Higher Education Opportunity Act, in accordance
18 with section 102(e) of such Act, as amended by sec-
19 tion 101(a)(2) of Public Law 111–39.

20 **SEC. 212. AGREEMENTS WITH INSTITUTIONS.**

21 Section 454 (20 U.S.C. 1087d) is amended—

22 (1) in subsection (a), by striking paragraph (4)
23 and redesignating the succeeding paragraphs accord-
24 ingly; and

1 (2) in subsection (b)(2), by striking “(5), (6),
2 and (7)” and inserting “(5), and (6)”.

3 **SEC. 213. TERMS AND CONDITIONS OF LOANS.**

4 (a) AMENDMENTS.—Section 455 (20 U.S.C. 1087e)
5 is amended—

6 (1) in subsection (a)(1), by inserting “, and
7 first disbursed on June 30, 2010,” before “under
8 sections 428”; and

9 (2) in subsection (g)—

10 (A) by inserting “, including any loan
11 made under part B and first disbursed before
12 July 1, 2010” after “section 428C(a)(4)”; and

13 (B) by striking the third sentence.

14 (b) EFFECTIVE DATE.—The amendment made by
15 subsection (a)(1) shall apply with respect to loans first dis-
16 bursed under part D of title IV of the Higher Education
17 Act of 1965 (20 U.S.C. 1087a et seq.) on or after July
18 1, 2010.

19 **SEC. 214. CONTRACTS.**

20 Section 456 (20 U.S.C. 1087f) is amended—

21 (1) in subsection (a)—

22 (A) in paragraph (1)—

23 (i) in the header, by striking “IN
24 GENERAL” and inserting “AWARDING OF
25 CONTRACTS”;

1 (ii) by striking “The Secretary” and
2 inserting the following:

3 “(A) IN GENERAL.—The Secretary”; and

4 (iii) by adding at the end the fol-
5 lowing:

6 “(B) AWARDING CONTRACTS FOR SERV-
7 ICING LOANS.—The Secretary shall, if prac-
8 ticable, award multiple contracts, through a
9 competitive bidding process, to entities, includ-
10 ing eligible not-for-profit servicers, to service
11 loans originated under this part. The competi-
12 tive bidding process shall take into account
13 price, servicing capacity, and capability, and
14 may take into account the capacity and capa-
15 bility to provide default aversion activities and
16 outreach services.

17 “(C) JOB RETENTION INCENTIVE PAY-
18 MENT.—(i) In a contract with an entity under
19 subparagraph (B) for the servicing of loans, the
20 Secretary shall provide a job retention incentive
21 payment, in an amount and manner determined
22 by the Secretary, if such entity agrees to give
23 priority for hiring for positions created as a re-
24 sult of such a contract to those geographical lo-
25 cations located in the United States at which

1 the entity performed student loan origination or
2 servicing activities under the Federal Family
3 Education Loan Program as of the date of en-
4 actment of the Student Aid and Fiscal Respon-
5 sibility Act of 2009.

6 “(ii) In determining the allocation of loans
7 to be serviced by an entity awarded such a con-
8 tract, the Secretary shall consider the retention
9 of highly qualified employees (employed in the
10 United States) of such entity a positive factor
11 in determining such allocation.”;

12 (B) in paragraph (2)—

13 (i) in the first sentence, by inserting
14 “, including eligible not-for-profit
15 servicers,” after “The entities”;

16 (ii) by amending the third sentence to
17 read as follows: “The entities with which
18 the Secretary may enter into such con-
19 tracts shall include, where practicable,
20 agencies with agreements with the Sec-
21 retary under sections 428(b) and (c) on
22 the date of the enactment of the Student
23 Aid and Fiscal Responsibility Act of 2009,
24 nonprofit subsidiaries of such an agency,
25 and eligible not-for-profit servicers, if such

1 agencies, subsidiaries, or servicers meet the
2 qualifications as determined by the Sec-
3 retary under this subsection and if those
4 agencies, subsidiaries, or servicers have
5 such experience and demonstrated effec-
6 tiveness.”; and

7 (iii) by striking the last sentence and
8 inserting the following: “In awarding con-
9 tracts to such agencies, subsidiaries, and
10 such eligible not-for-profit servicers, the
11 Secretary shall, to the extent practicable
12 and consistent with the purposes of this
13 part, give special consideration to such
14 agencies, subsidiaries, and servicers with a
15 history of high quality performance and
16 demonstrated integrity in conducting oper-
17 ations with institutions of higher education
18 and the Secretary.”;

19 (C) by redesignating paragraph (3) as
20 paragraph (4), and by inserting in such para-
21 graph “, or of any eligible not-for-profit servicer
22 to enter into an agreement for the purposes of
23 this section as a member of a consortium of
24 such entities” before the period at the end; and

1 (D) by inserting after paragraph (2) the
2 following new paragraph:

3 “(3) SERVICING BY ELIGIBLE NOT-FOR-PROFIT
4 SERVICERS.—

5 “(A) IN GENERAL.—Notwithstanding any
6 other provision of this section, in each State
7 where at least one eligible not-for-profit servicer
8 has its principal place of business, the Secretary
9 shall contract with each such servicer to service
10 loans originated under this part on behalf of
11 borrowers attending institutions located within
12 such State, provided that the servicer dem-
13 onstrates that it meets the standards for serv-
14 icing Federal assets and providing quality serv-
15 ice and agrees to service the loans at a competi-
16 tive market rate, as determined by the Sec-
17 retary. In determining such a competitive mar-
18 ket rate, the Secretary shall set such rate so
19 that (i) the rate is commercially reasonable in
20 relation to the volume of loans being serviced by
21 the eligible not-for-profit servicers, and (ii) in
22 the Secretary’s judgment, the eligible not-for-
23 profit servicers can reasonably provide any ad-
24 ditional services, such as default aversion or
25 outreach, provided for in the contracts awarded

1 under this paragraph. Contracts awarded under
2 this paragraph shall be subject to the same re-
3 quirements for quality, performance, and ac-
4 countability as contracts awarded under para-
5 graph (2) for similar activities.

6 “(B) ALLOCATIONS.—(i) ONE
7 SERVICER.—In the case of a State with only
8 one eligible not-for-profit servicer with a con-
9 tract described in subparagraph (A), the Sec-
10 retary shall, at a minimum, allocate to such
11 servicer, each year and subject to such contract,
12 the servicing rights for the lesser of—

13 “(I) the loans of 100,000 borrowers
14 (including borrowers who borrowed loans
15 in a prior year that were serviced by the
16 servicer) attending institutions located
17 within the State; or

18 “(II) the loans of all the borrowers at-
19 tending institutions located within the
20 State.

21 “(ii) MULTIPLE SERVICERS.—In the case
22 of a State with more than one eligible not-for-
23 profit servicer with a contract described in sub-
24 paragraph (A), the Secretary shall, at a min-
25 imum, allocate to each such servicer, each year

1 and subject to such contract, the servicing
2 rights for the lesser of—

3 “(I) the loans of 100,000 borrowers
4 (including borrowers who borrowed loans
5 in a prior year that were serviced by the
6 servicer) attending institutions located
7 within the State; or

8 “(II) an equal share of the loans of all
9 borrowers attending institutions located
10 within the State, except the Secretary shall
11 adjust such shares as necessary to ensure
12 that the loans of any single borrower re-
13 main with a single servicer.

14 “(iii) ADDITIONAL ALLOCATION.—The Sec-
15 retary may allocate additional servicing rights
16 to an eligible not-for-profit servicer based on
17 the performance of such servicer, as determined
18 by the Secretary, including performance in the
19 areas of customer service and default aversion.

20 “(C) LOAN SERVICING RETENTION.—

21 “(i) IN GENERAL.—In addition to any
22 new loans allocated to a servicers under
23 subparagraph (B)(ii), an eligible not-for-
24 profit servicer shall retain the servicing of
25 loans allocated to such servicer in previous

1 years, except as provided in clause (ii), or
2 as otherwise provided for in accordance
3 with the terms of a contract under this
4 paragraph.

5 “(ii) TRANSFERS FOR MULTIPLE
6 LOANS.—Notwithstanding clause (i) and
7 the allocations required by subparagraph
8 (B), the Secretary may transfer loans
9 among servicers who are awarded contracts
10 to service loans pursuant to this section to
11 ensure that the loans of any single bor-
12 rower remain with a single servicer.”;

13 (2) in subsection (b)—

14 (A) in the subsection header, by striking
15 “ORIGINATION, SERVICING, AND DATA SYS-
16 TEMS” and inserting “ORIGINATION, SERV-
17 ICING, DELINQUENCY PREVENTION AND DE-
18 FAULT AVERSION SERVICES, DEFAULT COL-
19 LECTIONS, OUTREACH, AND DATA SYSTEMS”;

20 (B) in the matter preceding paragraph (1),
21 by striking “The Secretary may” and inserting
22 “(1) IN GENERAL.—The Secretary may”;

23 (C) by redesignating paragraphs (1)
24 through (4) as subparagraphs (A) through (D),

1 and moving such subparagraphs two ems to the
2 right;

3 (D) in subparagraph (C) (as redesignated
4 by subparagraph (C) of this paragraph), by
5 striking “and” after the semicolon;

6 (E) by redesignating subparagraph (D) (as
7 redesignated by subparagraph (C) of this para-
8 graph) as subparagraph (E);

9 (F) by inserting after subparagraph (C)
10 (as so redesignated) the following new subpara-
11 graph:

12 “(D) delinquency prevention and default
13 aversion services, default collections, financial
14 aid counseling, career and education counseling,
15 financial literacy, guidance counselor and finan-
16 cial aid officer training services, and other out-
17 reach services; and”;

18 (G) by adding at the end the following:

19 “(2) LIMITATION.—The Secretary may enter into
20 contracts for the services described in paragraph (1)(D)
21 with—

22 “(A) agencies with agreements with the Sec-
23 retary under subsections (b) and (c) of section 428
24 on the date of enactment of the Student Aid and
25 Fiscal Responsibility Act of 2009, that are providing

1 such services on such date and that meet the quali-
2 fications determined by the Secretary; or

3 “(B) nonprofit subsidiaries of agencies de-
4 scribed in subparagraph (A), if such subsidiaries
5 were established, pursuant to State law, on or before
6 January 1, 1998, and meet the qualifications deter-
7 mined by the Secretary.”; and

8 (3) by adding at the end the following:

9 “(c) REPORT TO CONGRESS.—Not later than 5 years
10 after the date of the enactment of the Student Aid and
11 Fiscal Responsibility Act of 2009, the Secretary shall pre-
12 pare and submit to the authorizing committees, a report
13 evaluating the performance of all eligible not-for-profit
14 servicers awarded a contract under this section to service
15 loans originated under this part. Such report shall give
16 consideration to—

17 “(1) customer satisfaction of borrowers and in-
18 stitutions with respect to the loan servicing provided
19 by the servicers;

20 “(2) compliance with applicable regulations by
21 the servicers; and

22 “(3) the effectiveness of default aversion activi-
23 ties, and outreach services, including financial lit-
24 eracy programs, (if any), provided by the servicers.

25 “(d) DEFINITIONS.—In this section:

1 “(1) DEFAULT AVERSION ACTIVITIES.—The
2 term ‘default aversion activities’ means activities
3 that are directly related to providing collection as-
4 sistance to the Secretary on a delinquent loan, prior
5 to the loan being legally in a default status.

6 “(2) ELIGIBLE NOT-FOR-PROFIT SERVICER.—

7 “(A) IN GENERAL.—The term ‘eligible not-
8 for-profit servicer’ means an entity—

9 “(i) that is not owned or controlled in
10 whole or in part by—

11 “(I) a for profit entity; or

12 “(II) a nonprofit entity having its
13 principal place of business in another
14 State; and

15 “(ii) that—

16 “(I) as of July 1, 2009—

17 “(aa) meets the definition of
18 an eligible not-for-profit holder
19 under section 435(p), except that
20 such term does not include eligi-
21 ble lenders described in para-
22 graph (1)(D) of such section; and

23 “(bb) was performing, or
24 had entered into a contract with
25 a third party servicer (as such

1 term is defined in section 481(e)
2 who was performing, student
3 loan servicing functions for loans
4 made under part B of this title;
5 “(II) notwithstanding subclause
6 (I), as of July 1, 2009—

7 “(aa) is the sole beneficial
8 owner of a loan for which the
9 special allowance rate is cal-
10 culated under section
11 438(b)(2)(I)(vi)(II) because the
12 loan is held by an eligible lender
13 trustee that is an eligible not-for-
14 profit holder as defined under
15 section 435(p)(1)(D); and

16 “(bb) was performing, or
17 had entered into a contract with
18 a third party servicer (as such
19 term is defined in section 481(e))
20 who was performing, student
21 loan servicing functions for loans
22 made under part B of this title;
23 or

1 “(III) is an affiliated entity of an
2 eligible not-for-profit servicer de-
3 scribed in subclause (I) or (II) that—

4 “(aa) directly employs, or
5 will directly employ (on or before
6 the date the entity begins serv-
7 icing loans under a contract
8 awarded by the Secretary pursu-
9 ant to subsection (a)(3)(A)), the
10 majority of individuals who per-
11 form borrower-specific student
12 loan servicing functions; and

13 “(bb) as of July 1, 2009,
14 was performing, or had entered
15 into a contract with a third party
16 servicer (as such term is defined
17 in section 481(c)) who was per-
18 forming, student loan servicing
19 functions for loans made under
20 part B of this title.

21 “(B) AFFILIATED ENTITY.—For the pur-
22 poses of subparagraph (A), the term ‘affiliated
23 entity’—

1 “(i) means an entity contracted to
2 perform services for an eligible not-for-
3 profit servicer that—

4 “(I) is a nonprofit entity or is
5 wholly owned by a nonprofit entity;
6 and

7 “(II) is not owned or controlled,
8 in whole or in part, by—

9 “(aa) a for-profit entity; or

10 “(bb) an entity having its
11 principal place of business in an-
12 other State; and

13 “(ii) may include an affiliated entity
14 that is established by an eligible not-for-
15 profit servicer after the date of enactment
16 of the Student Aid and Fiscal Responsi-
17 bility Act of 2009, if such affiliated entity
18 is otherwise described in subparagraph
19 (A)(ii)(III) and clause (i) of this subpara-
20 graph.

21 “(3) OUTREACH SERVICES.—The term ‘out-
22 reach services’ means programs offered to students
23 and families, including programs delivered in coordi-
24 nation with institutions of higher education that—

25 “(A) encourage—

1 “(i) students to attend and complete a
2 degree or certification program at an insti-
3 tution of higher education; and

4 “(ii) students and families to obtain
5 financial aid, but minimize the borrowing
6 of education loans; and

7 “(B) deliver a wide range of financial lit-
8 eracy and counseling tools to equip students
9 with the information necessary to make prudent
10 decisions concerning their educational success
11 and financial well-being.”.

12 **SEC. 215. INTEREST RATES.**

13 Section 455(b)(7) (20 U.S.C. 1087e(b)(7)) is amend-
14 ed by adding at the end the following new subparagraph:

15 “(E) REDUCED RATES FOR UNDER-
16 GRADUATE FDSL ON AND AFTER JULY 1,
17 2012.—Notwithstanding the preceding para-
18 graphs of this subsection and subparagraph (A)
19 of this paragraph, for Federal Direct Stafford
20 Loans made to undergraduate students for
21 which the first disbursement is made on or
22 after July 1, 2012, the applicable rate of inter-
23 est shall, during any 12-month period beginning
24 on July 1 and ending on June 30, be deter-

1 mined on the preceding June 1 and be equal
2 to—

3 “(i) the bond equivalent rate of 91-
4 day Treasury bills auctioned at the final
5 auction held prior to such June 1; plus

6 “(ii) 2.5 percent,
7 except that such rate shall not exceed 6.8 per-
8 cent.”.

9 **SEC. 216. TECHNICAL ASSISTANCE TO INSTITUTIONS OF**
10 **HIGHER EDUCATION.**

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

12 (1) by redesignating paragraph (5) as para-
13 graph (6); and

14 (2) by inserting after paragraph (4) the fol-
15 lowing new paragraph:

16 “(5) TECHNICAL ASSISTANCE TO INSTITUTIONS
17 OF HIGHER EDUCATION.—

18 “(A) PROVISION OF ASSISTANCE.—The
19 Secretary shall provide institutions of higher
20 education participating, or seeking to partici-
21 pate, in the loan programs under this part with
22 technical assistance in establishing and admin-
23 istering such programs, including assistance for
24 an institution of higher education during such
25 institution’s transition into such programs.

1 Such assistance may include technical support,
2 training for personnel, customized assistance to
3 individual institutions of higher education, de-
4 velopment of informational materials, and other
5 services the Secretary determines to be appro-
6 priate.

7 “(B) FUNDS.—There are—

8 “(i) authorized to be appropriated,
9 and there are appropriated, to carry out
10 this paragraph (in addition to any other
11 amounts appropriated to carry out this
12 subparagraph and out of any money in the
13 Treasury not otherwise appropriated),
14 \$50,000,000 for fiscal year 2010; and

15 “(ii) authorized to be appropriated
16 such sums as may be necessary to carry
17 out this paragraph for fiscal years 2011
18 through 2014.”.

19 **SEC. 217. OUTREACH EFFORTS.**

20 (a) OUTREACH ACTIVITIES REQUIRED.—The Sec-
21 retary of Education shall conduct outreach activities in ac-
22 cordance with this section to inform and educate students
23 and their families about the transition to Federal Direct
24 lending under the amendments made by this title to title
25 IV of the Higher Education Act of 1965.

1 (b) REQUIRED COMPONENTS OF OUTREACH.—The
2 Secretary shall provide for the broad dissemination of in-
3 formation on such amendments and shall—

4 (1) operate and maintain an Internet website
5 through which individuals may obtain information
6 on changes made to the Federal Family Education
7 Loan programs and the Federal Direct Loan pro-
8 grams;

9 (2) develop and disseminate information to high
10 school seniors and their parents concerning student
11 loans and student aid;

12 (3) provide assistance to institutions of higher
13 education to educate students on the repayment of
14 Federal Direct loans; and

15 (4) ensure that all outreach efforts are devel-
16 oped using plain language and are culturally- and
17 language-appropriate.

18 (c) USE OF OTHER ENTITIES.—In carrying out this
19 subsection, the Secretary may work with other appropriate
20 entities to facilitate the dissemination of information
21 under this section and to provide assistance as described
22 in this section.

1 **Subtitle B—Perkins Loan Reform**

2 **SEC. 221. FEDERAL DIRECT PERKINS LOANS TERMS AND** 3 **CONDITIONS.**

4 Part D of title IV (20 U.S.C. 1087a et seq.) is
5 amended by inserting after section 455 the following new
6 section:

7 **“SEC. 455A. FEDERAL DIRECT PERKINS LOANS.**

8 “(a) DESIGNATION OF LOANS.—Loans made to bor-
9 rowers under this section shall be known as ‘Federal Di-
10 rect Perkins Loans’.

11 “(b) IN GENERAL.—It is the purpose of this section
12 to authorize loans to be awarded by institutions of higher
13 education through agreements established under section
14 463(f). Unless otherwise specified in this section, all terms
15 and conditions and other requirements applicable to Fed-
16 eral Direct Unsubsidized Stafford loans established under
17 section 455(a)(2)(D) shall apply to loans made pursuant
18 to this section.

19 “(c) ELIGIBLE BORROWERS.—Any student meeting
20 the requirements for student eligibility under section
21 464(b) (including graduate and professional students as
22 defined in regulations promulgated by the Secretary) shall
23 be eligible to borrow a Federal Direct Perkins Loan, pro-
24 vided the student attends an eligible institution with an
25 agreement with the Secretary under section 463(f), and

1 the institution uses its authority under that agreement to
2 award the student a loan.

3 “(d) LOAN LIMITS.—The annual and aggregate lim-
4 its for loans under this section shall be the same as those
5 established under section 464, and aggregate limits shall
6 include loans made by institutions under agreements
7 under section 463(a).

8 “(e) APPLICABLE RATES OF INTEREST.—Loans
9 made pursuant to this section shall bear interest, on the
10 unpaid balance of the loan, at the rate of 5 percent per
11 year.”.

12 **SEC. 222. AUTHORIZATION OF APPROPRIATIONS.**

13 Section 461 (20 U.S.C. 1087aa) is amended—

14 (1) in subsection (a), by inserting “, before July
15 1, 2010,” after “The Secretary shall”;

16 (2) in subsection (b)—

17 (A) in paragraph (1)—

18 (i) by striking “(1) For the purpose”
19 and inserting “For the purpose”; and

20 (ii) by striking “and for each of the
21 five succeeding fiscal years”; and

22 (B) by striking paragraph (2); and

23 (3) by striking subsection (c).

24 **SEC. 223. ALLOCATION OF FUNDS.**

25 Section 462 (20 U.S.C. 1087bb) is amended—

1 (1) in subsection (a)(1), by striking “From”
2 and inserting “For any fiscal year before fiscal year
3 2010, from”; and

4 (2) in subsection (i)(1), by striking “for any fis-
5 cal year,” and inserting “for any fiscal year before
6 fiscal year 2010,”.

7 **SEC. 224. FEDERAL DIRECT PERKINS LOAN ALLOCATION.**

8 Part E of title IV is further amended by inserting
9 after section 462 (20 U.S.C. 1087bb) the following:

10 **“SEC. 462A. FEDERAL DIRECT PERKINS LOAN ALLOCATION.**

11 “(a) PURPOSES.—The purposes of this section are—

12 “(1) to allocate, among eligible and partici-
13 pating institutions (as such terms are defined in this
14 section), the authority to make Federal Direct Per-
15 kins Loans under section 455A with a portion of the
16 annual loan authority described in subsection (b);
17 and

18 “(2) to make funds available, in accordance
19 with section 452, to each participating institution
20 from a portion of the annual loan authority de-
21 scribed in subsection (b), in an amount not to exceed
22 the sum of an institution’s allocation of funds under
23 subparagraphs (A), (B), and (C) of subsection (b)(1)
24 to enable each such institution to make Federal Di-

1 rect Perkins Loans to eligible students at the insti-
2 tution.

3 “(b) AVAILABLE DIRECT PERKINS ANNUAL LOAN
4 AUTHORITY.—

5 “(1) AVAILABILITY AND ALLOCATIONS.—There
6 are hereby made available, from funds made avail-
7 able for loans made under part D, not to exceed
8 \$6,000,000,000 of annual loan authority for award
9 year 2010–2011 and each succeeding award year, to
10 be allocated as follows (except as provided in para-
11 graphs (3) and (4)):

12 “(A) The Secretary shall allocate not more
13 than $\frac{1}{2}$ of such funds for each award year by
14 allocating to each participating institution an
15 amount equal to the adjusted self-help need
16 amount of the institution, as determined in ac-
17 cordance with subsection (c) for such award
18 year.

19 “(B) The Secretary shall allocate not more
20 than $\frac{1}{4}$ of such funds for each award year by
21 allocating to each participating institution an
22 amount equal to the low tuition incentive
23 amount of the institution, as determined in ac-
24 cordance with subsection (d).

1 “(C) The Secretary shall allocate not more
2 than $\frac{1}{4}$ of such funds for each award year by
3 allocating to each participating institution an
4 amount which bears the same ratio to the funds
5 allocated under this subparagraph as the ratio
6 determined in accordance with subsection (e)
7 for the calculation of the Federal Pell Grant
8 and degree recipient amount of the institution.

9 “(2) NO FUNDS TO NON-PARTICIPATING INSTI-
10 TUTIONS.—The Secretary shall not make funds
11 available under this subsection to any eligible insti-
12 tution that is not a participating institution. The ad-
13 justed self-help need amount (determined in accord-
14 ance with subsection (c)) of an eligible institution
15 that is not a participating institution shall not be
16 made available to any other institution.

17 “(3) REQUIRED MINIMUM AMOUNT.—Notwith-
18 standing paragraph (1), in no case shall the sum of
19 a participating institution’s allocation of loan au-
20 thority computed under subsections (c), (d), and (e)
21 be less than the average of the institution’s total
22 principal amount of loans made under this part for
23 each of the academic years 2003–2004 through
24 2007–2008.

1 “(4) ADDITIONAL ADJUSTMENTS.—If the Sec-
2 retary determines that the sum of a participating in-
3 stitution’s allocation of loan authority under sub-
4 sections (c), (d), and (e) is below the minimum
5 amount required under paragraph (3), the Secretary
6 shall—

7 “(A) for each institution for which the
8 minimum amount under paragraph (3) is not
9 satisfied, increase the amount of such sum to
10 the amount of the required minimum under
11 such paragraph; and

12 “(B) ratably reduce the amount of the sum
13 of such loan authority of all participating insti-
14 tutions not described in subparagraph (A).

15 “(c) ADJUSTED SELF-HELP NEED AMOUNT.—For
16 the purposes of subsection (b)(1)(A), the Secretary shall
17 calculate the adjusted self-help need amount of each eligi-
18 ble institution for an award year as follows:

19 “(1) USE OF BASE SELF-HELP NEED
20 AMOUNTS.—

21 “(A) IN GENERAL.—Except as provided in
22 paragraphs (2), (3), and (4), the adjusted self-
23 help need amount of each eligible institution
24 shall be the institution’s base self-help need
25 amount, which is the sum of—

1 “(i) the self-help need of the institu-
2 tion’s eligible undergraduate students for
3 such award year; and

4 “(ii) the self-help need of the institu-
5 tion’s eligible graduate and professional
6 students for such award year.

7 “(B) UNDERGRADUATE STUDENT SELF-
8 HELP NEED.—To determine the self-help need
9 of an institution’s eligible undergraduate stu-
10 dents, the Secretary shall determine the sum of
11 each eligible undergraduate student’s average
12 cost of attendance for the second preceding
13 award year less each such student’s expected
14 family contribution (computed in accordance
15 with part F) for the second preceding award
16 year, except that, for each such eligible under-
17 graduate student, the amount computed by
18 such subtraction shall not be less than zero or
19 more than the lesser of—

20 “(i) 25 percent of the average cost of
21 attendance with respect to such eligible
22 student; or

23 “(ii) \$5,500.

24 “(C) GRADUATE AND PROFESSIONAL STU-
25 DENT SELF-HELP NEED.—To determine the

1 self-help need of an institution's eligible grad-
2 uate and professional students, the Secretary
3 shall determine the sum of each eligible grad-
4 uate and professional student's average cost of
5 attendance for the second preceding award year
6 less each such student's expected family con-
7 tribution (computed in accordance with part F)
8 for such second preceding award year, except
9 that, for each such eligible graduate and profes-
10 sional student, the amount computed by such
11 subtraction shall not be less than zero or more
12 than \$8,000.

13 “(2) RATABLE REDUCTION ADJUSTMENTS.—If
14 the sum of the base self-help need amounts of all eli-
15 gible institutions for an award year as determined
16 under paragraph (1) exceeds $\frac{1}{2}$ of the annual loan
17 authority under subsection (b) for such award year,
18 the Secretary shall ratably reduce the base self-help
19 need amounts of all eligible institutions until the
20 sum of such amounts is equal to the amount that is
21 $\frac{1}{2}$ of the annual loan authority under subsection
22 (b).

23 “(d) LOW TUITION INCENTIVE AMOUNT.—

24 “(1) IN GENERAL.—For purposes of subsection
25 (b)(1)(B), the Secretary shall determine the low tui-

1 tion incentive amount for each participating institu-
2 tion for each award year, by calculating for each
3 such institution the sum of—

4 “(A) the total amount, if any (but not less
5 than zero), by which—

6 “(i) the average tuition and required
7 fees for the institution’s sector for the sec-
8 ond preceding award year; exceeds

9 “(ii) the tuition and required fees for
10 the second preceding award year for each
11 undergraduate and graduate student at-
12 tending the institution who had financial
13 need (as determined under part F); plus

14 “(B) the total amount, if any (but not less
15 than zero), by which—

16 “(i) the total amount for the second
17 preceding award year of non-Federal grant
18 aid provided to meet the financial need of
19 all undergraduate students attending the
20 institution (as determined without regard
21 to financial aid not received under this
22 title); exceeds

23 “(ii) the total amount for the second
24 preceding award year, if any, by which—

1 “(I) the tuition and required fees
2 of each such student with such finan-
3 cial need; exceeds

4 “(II) the average tuition and re-
5 quired fees for the institution’s sector.

6 “(2) RATABLE REDUCTION.—If the sum of the
7 low tuition incentive amounts of all participating in-
8 stitutions for an award year as determined under
9 paragraph (1) exceeds $\frac{1}{4}$ of the annual loan author-
10 ity under subsection (b) for such award year, the
11 Secretary shall ratably reduce the low tuition incen-
12 tive amounts of all participating institutions until
13 the sum of such amounts is equal to the amount
14 that is $\frac{1}{4}$ of the annual loan authority under sub-
15 section (b).

16 “(e) FEDERAL PELL GRANT AND DEGREE RECIPI-
17 ENT AMOUNT.—For purposes of subsection (b)(1)(C), the
18 Secretary shall determine the Federal Pell Grant and de-
19 gree recipient amount for each participating institution for
20 each award year, by calculating for each such institution
21 the ratio of—

22 “(1) the number of students who, during the
23 most recent year for which data are available, ob-
24 tained an associate’s degree or other postsecondary
25 degree from such participating institution and, prior

1 to obtaining such degree, received a Federal Pell
2 Grant for attendance at any institution of higher
3 education; to

4 “(2) the sum of the number of students who,
5 during the most recent year for which data are
6 available, obtained an associate’s degree or other
7 postsecondary degree from each participating insti-
8 tution and, prior to obtaining such degree, received
9 a Federal Pell Grant for attendance at any institu-
10 tion of higher education.

11 “(f) DEFINITIONS.—As used in this section:

12 “(1) ANNUAL LOAN AUTHORITY.—The term
13 ‘annual loan authority’ means the total original prin-
14 cipal amount of loans that may be allocated and
15 made available for an award year to make Federal
16 Direct Perkins Loans under section 455A.

17 “(2) AVERAGE COST OF ATTENDANCE.—

18 “(A) IN GENERAL.—The term ‘average
19 cost of attendance’ means the average of the at-
20 tendance costs for undergraduate students and
21 for graduate and professional students, respec-
22 tively, for the second preceding award year
23 which shall include—

1 “(i) tuition and required fees deter-
2 mined in accordance with subparagraph
3 (B);

4 “(ii) standard living expenses deter-
5 mined in accordance with subparagraph
6 (C); and

7 “(iii) books and supplies determined
8 in accordance with subparagraph (D).

9 “(B) TUITION AND REQUIRED FEES.—The
10 average undergraduate and graduate and pro-
11 fessional tuition and required fees described in
12 subparagraph (A)(i) shall be computed on the
13 basis of information reported by the institution
14 to the Secretary, which shall include—

15 “(i) total revenue received by the in-
16 stitution from undergraduate and graduate
17 and professional students, respectively, for
18 tuition and required fees for the second
19 preceding award year; and

20 “(ii) the institution’s full-time equiva-
21 lent enrollment of undergraduate and
22 graduate and professional students, respec-
23 tively, for such second preceding award
24 year.

1 “(C) STANDARD LIVING EXPENSES.—The
2 standard living expense described in subpara-
3 graph (A)(ii) is equal to the allowance, deter-
4 mined by an institution, for room and board
5 costs incurred by a student, as computed in ac-
6 cordance with part F for the second preceding
7 award year.

8 “(D) BOOKS AND SUPPLIES.—The allow-
9 ance for books and supplies described in sub-
10 paragraph (A)(iii) is equal to the allowance, de-
11 termined by an institution, for books, supplies,
12 transportation, and miscellaneous personal ex-
13 penses, including a reasonable allowance for the
14 documented rental or purchase of a personal
15 computer, as computed in accordance with part
16 F for the second preceding award year.

17 “(3) AVERAGE TUITION AND REQUIRED FEES
18 FOR THE INSTITUTION’S SECTOR.—The term ‘aver-
19 age tuition and required fees for the institution’s
20 sector’ shall be determined by the Secretary for each
21 of the categories described in section 132(d).

22 “(4) ELIGIBLE INSTITUTION.—The term ‘eligi-
23 ble institution’ means an institution of higher edu-
24 cation that participates in the Federal Direct Staf-
25 ford Loan Program.

1 “(5) PARTICIPATING INSTITUTION.—The term
2 ‘participating institution’ means an institution of
3 higher education that has an agreement under sec-
4 tion 463(f).

5 “(6) SECTOR.—The term ‘sector’ means each of
6 the categories described in section 132(d).”.

7 **SEC. 225. AGREEMENTS WITH INSTITUTIONS OF HIGHER**
8 **EDUCATION.**

9 (a) AMENDMENTS.—Section 463 (20 U.S.C. 1087cc)
10 is amended—

11 (1) in subsection (a)—

12 (A) in the heading, by inserting “FOR
13 LOANS MADE BEFORE JULY 1, 2010” after
14 “AGREEMENTS”;

15 (B) in paragraph (3)(A), by inserting “be-
16 fore July 1, 2010” after “students”;

17 (C) in paragraph (4), by striking “there-
18 on—” and all that follows and inserting “there-
19 on, if the institution has failed to maintain an
20 acceptable collection record with respect to such
21 loan, as determined by the Secretary in accord-
22 ance with criteria established by regulation, the
23 Secretary may require the institution to assign
24 such note or agreement to the Secretary, with-
25 out recompense;” and

1 (D) in paragraph (5), by striking “and the
2 Secretary shall apportion” and all that follows
3 through “in accordance with section 462” and
4 inserting “and the Secretary shall return a por-
5 tion of funds from loan repayments to the insti-
6 tution as specified in section 466(b)”;

7 (2) by amending subsection (b) to read as fol-
8 lows:

9 “(b) ADMINISTRATIVE EXPENSES.—An institution
10 that has entered into an agreement under subsection (a)
11 shall be entitled, for each fiscal year during which it serv-
12 ices student loans from a student loan fund established
13 under such agreement, to a payment in lieu of reimburse-
14 ment for its expenses in servicing student loans made be-
15 fore July 1, 2010. Such payment shall be equal to 0.50
16 percent of the outstanding principal and interest balance
17 of such loans being serviced by the institution as of Sep-
18 tember 30 of each fiscal year.”; and

19 (3) by adding at the end the following:

20 “(f) CONTENTS OF AGREEMENTS FOR LOANS MADE
21 ON OR AFTER JULY 1, 2010.—An agreement with any
22 institution of higher education that elects to participate
23 in the Federal Direct Perkins Loan program under section
24 455A shall provide—

1 “(1) for the establishment and maintenance of
2 a Direct Perkins Loan program at the institution
3 under which the institution shall use loan authority
4 allocated under section 462A to make loans to eligi-
5 ble students attending the institution;

6 “(2) that the institution, unless otherwise speci-
7 fied in this subsection, shall operate the program
8 consistent with the requirements of agreements es-
9 tablished under section 454;

10 “(3) that the institution will pay matching
11 funds, quarterly, in an amount agreed to by the in-
12 stitution and the Secretary, to an escrow account
13 approved by the Secretary, for the purpose of pro-
14 viding loan benefits to borrowers;

15 “(4) that if the institution fails to meet the re-
16 quirements of paragraph (3), the Secretary shall
17 suspend or terminate the institution’s eligibility to
18 make Federal Direct Perkins Loans under section
19 455A until such time as the Secretary determines,
20 in accordance with section 498, that the institution
21 has met the requirements of such paragraph; and

22 “(5) that if the institution ceases to be an eligi-
23 ble institution within the meaning of section 435(a)
24 by reason of having a cohort default rate that ex-
25 ceeds the threshold percentage specified in para-

1 graph (2) of such section, the Secretary shall sus-
2 pend or terminate the institution’s eligibility to make
3 Federal Direct Perkins Loans under section 455A
4 unless and until the institution would qualify for a
5 resumption of eligible institution status under such
6 section.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 paragraph (2) of subsection (a) shall take effect on Octo-
9 ber 1, 2010.

10 **SEC. 226. STUDENT LOAN INFORMATION BY ELIGIBLE IN-**
11 **STITUTIONS.**

12 Section 463A (20 U.S.C. 1087cc–1) is amended—

13 (1) in subsection (a), by striking “Each institu-
14 tion” and inserting “For loans made before July 1,
15 2010, each institution”; and

16 (2) in subsection (b), by striking “Each institu-
17 tion” and inserting “For loans made before July 1,
18 2010, each institution”.

19 **SEC. 227. TERMS OF LOANS.**

20 Section 464 (20 U.S.C. 1087dd) is amended—

21 (1) in subsection (a)(1), by striking “section
22 463” and inserting “section 463(a)”;

23 (2) in subsection (b)(1), by inserting “made be-
24 fore July 1, 2010,” after “A loan”;

25 (3) in subsection (c)—

1 (A) in paragraph (1), by inserting “made
2 before July 1, 2010,” after “a loan”;

3 (B) in paragraph (2)—

4 (i) in subparagraph (A), by inserting
5 “made before July 1, 2010,” after “any
6 loan”; and

7 (ii) in subparagraph (B), by inserting
8 “made before July 1, 2010,” after “any
9 loan”;

10 (C) in paragraph (3)(B), by inserting “for
11 a loan made before July 1, 2010,” after “dur-
12 ing the repayment period”;

13 (D) in paragraph (4), by inserting “before
14 July 1, 2010,” after “for a loan made”;

15 (E) in paragraph (5), by striking “The in-
16 stitution” and inserting “For loans made before
17 July 1, 2010, the institution”; and

18 (F) in paragraph (6), by inserting “made
19 before July 1, 2010,” after “of loans”;

20 (4) in subsection (d), by inserting “made before
21 July 1, 2010,” before “from the student loan fund”;

22 (5) in subsection (e), by inserting “with respect
23 to loans made before July 1, 2010, and” before “as
24 documented in accordance with paragraph (2),”;

25 (6) by repealing subsection (f);

1 (7) in subsection (g)(1), by inserting “and be-
2 fore July 1, 2010,” after “January 1, 1986,”;

3 (8) in subsection (h)—

4 (A) in paragraph (1)(A) by inserting “be-
5 fore July 1, 2010,” after “made under this
6 part”; and

7 (B) in paragraph (2), by inserting “before
8 July 1, 2010,” after “under this part”; and

9 (9) in subsection (j)(1), by inserting “before
10 July 1, 2010,” after “under this part”.

11 **SEC. 228. DISTRIBUTION OF ASSETS FROM STUDENT LOAN**
12 **FUNDS.**

13 (a) Section 465 (20 U.S.C. 1087ee) is amended—

14 (1) in subsection (a), by inserting “and before
15 July 1, 2010,” after “June 30, 1972,”; and

16 (2) by amending subsection (b) to read as fol-
17 lows:

18 “(b) REIMBURSEMENT FOR CANCELLATIONS.—

19 “(1) ASSIGNED LOANS.—In the case of loans
20 made under this part before July 1, 2010, and that
21 are assigned to the Secretary, the Secretary shall,
22 from amounts repaid each quarter on assigned Per-
23 kins Loans made before July 1, 2010, pay to each
24 institution for each quarter an amount equal to—

1 “(A) the aggregate of the amounts of loans
2 from its student loan fund that are canceled
3 pursuant to this section for such quarter, minus

4 “(B) an amount equal to the aggregate of
5 the amounts of any such loans so canceled that
6 were made from Federal capital contributions
7 to its student loan fund.

8 “(2) RETAINED LOANS.—In the case of loans
9 made under this part before July 1, 2010, and that
10 are retained by the institution for servicing, the in-
11 stitution shall deduct from loan repayments owed to
12 the Secretary under section 466, an amount equal
13 to—

14 “(A) the aggregate of the amounts of loans
15 from its student loan fund that are canceled
16 pursuant to this section for such quarter, minus

17 “(B) an amount equal to the aggregate of
18 the amounts of any such loans so canceled that
19 were made from Federal capital contributions
20 to its student loan fund.”.

21 (b) Section 466 (20 U.S.C. 1087ff) is amended to
22 read as follows:

1 **“SEC. 466. DISTRIBUTION OF ASSETS FROM STUDENT LOAN**
2 **FUNDS.**

3 “(a) CAPITAL DISTRIBUTION.—Beginning July 1,
4 2010, there shall be a capital distribution of the balance
5 of the student loan fund established under this part by
6 each institution of higher education as follows:

7 “(1) For the quarter beginning July 1, 2010,
8 the Secretary shall first be paid, no later than Sep-
9 tember 30, 2010, an amount that bears the same
10 ratio to the cash balance in such fund at the close
11 of June 30, 2010, as the total amount of the Fed-
12 eral capital contributions to such fund by the Sec-
13 retary under this part bears to—

14 “(A) the sum of such Federal contribu-
15 tions and the institution’s capital contributions
16 to such fund, less

17 “(B) an amount equal to—

18 “(i) the institution’s outstanding ad-
19 ministrative costs as calculated under sec-
20 tion 463(b),

21 “(ii) outstanding charges assessed
22 under section 464(c)(1)(H), and

23 “(iii) outstanding loan cancellation
24 costs incurred under section 465.

25 “(2) At the end of each quarter subsequent to
26 the quarter ending September 30, 2010, the Sec-

1 retary shall first be paid an amount that bears the
2 same ratio to the cash balance in such fund at the
3 close of the preceding quarter, as the total amount
4 of the Federal capital contributions to such fund by
5 the Secretary under this part bears to—

6 “(A) the sum of such Federal contribu-
7 tions and the institution’s capital contributions
8 to such fund, less

9 “(B) an amount equal to—

10 “(i) the institution’s administrative
11 costs incurred for that quarter as cal-
12 culated under section 463(b),

13 “(ii) charges assessed for that quarter
14 under section 464(c)(1)(H), and

15 “(iii) loan cancellation costs incurred
16 for that quarter under section 465.

17 “(3)(A) The Secretary shall calculate the
18 amounts due to the Secretary under paragraph (1)
19 (adjusted in accordance with subparagraph (B), as
20 appropriate) and paragraph (2) and shall promptly
21 inform the institution of such calculated amounts.

22 “(B) In the event that, prior to the date of en-
23 actment of the Student Aid and Fiscal Responsi-
24 bility Act of 2009, an institution made a short-term,
25 interest-free loan to the institution’s student loan

1 fund established under this part in anticipation of
2 collections or receipt of Federal capital contribu-
3 tions, and the institution demonstrates to the Sec-
4 retary, on or before June 30, 2010, that such loan
5 will still be outstanding after June 30, 2010, the
6 Secretary shall subtract the amount of such out-
7 standing loan from the cash balance of the institu-
8 tion's student loan fund that is used to calculate the
9 amount due to the Secretary under paragraph (1).
10 An adjustment of an amount due to the Secretary
11 under this subparagraph shall be made by the Sec-
12 retary on a case-by-case basis.

13 “(4) Any remaining balance at the end of a
14 quarter after a payment under paragraph (1) or (2)
15 shall be retained by the institution for use at its dis-
16 cretion. Any balance so retained shall be withdrawn
17 from the student loan fund and shall not be counted
18 in calculating amounts owed to the Secretary for
19 subsequent quarters.

20 “(5) Each institution shall make the quarterly
21 payments to the Secretary described in paragraph
22 (2) until all outstanding Federal Perkins Loans at
23 that institution have been assigned to the Secretary
24 and there are no funds remaining in the institution's
25 student loan fund.

1 “(6) In the event that the institution’s adminis-
2 trative costs, charges, and cancellation costs de-
3 scribed in paragraph (2) for a quarter exceed the
4 amount owed to the Secretary under paragraphs (1)
5 and (2) for that quarter, no payment shall be due
6 to the Secretary from the institution for that quarter
7 and the Secretary shall pay the institution, from
8 funds realized from the collection of assigned Fed-
9 eral Perkins Loans made before July 1, 2010, an
10 amount that, when combined with the amount re-
11 tained by the institution under paragraphs (1) and
12 (2), equals the full amount of such administrative
13 costs, charges, and cancellation costs.

14 “(b) ASSIGNMENT OF OUTSTANDING LOANS.—Be-
15 ginning July 1, 2010, an institution of higher education
16 may assign all outstanding loans made under this part be-
17 fore July 1, 2010, to the Secretary, consistent with the
18 requirements of section 463(a)(5). In collecting loans so
19 assigned, the Secretary shall pay an institution an amount
20 that constitutes the same fraction of such collections as
21 the fraction of the cash balance that the institution retains
22 under subsection (a)(2), but determining such fraction
23 without regard to subparagraph (B)(i) of such sub-
24 section.”.

1 **SEC. 229. IMPLEMENTATION OF NON-TITLE IV REVENUE**
2 **REQUIREMENT.**

3 Section 487(d) (20 U.S.C. 1094(d)) is amended—

4 (1) in paragraph (1)(E), by striking “July 1,
5 2011” and inserting “July 1, 2012”;

6 (2) in paragraph (1)(F)—

7 (A) by redesignating clauses (iii), (iv), and
8 (v) as clauses (iv), (v), and (vi), respectively;
9 and

10 (B) by inserting after clause (ii) the fol-
11 lowing new clause:

12 “(iii) for the period beginning July 1,
13 2010, and ending July 1, 2012, the
14 amount of funds the institution received
15 from loans disbursed under section
16 455A;” and

17 (3) in paragraph (2), by adding at the end the
18 following new subparagraph:

19 “(C) EXCEPTION.—Notwithstanding sub-
20 paragraphs (A) and (B), an institution that
21 fails to meet the requirements of subsection
22 (a)(24) for two consecutive institutional fiscal
23 years, and the second such institutional fiscal
24 year ends after July 1, 2008, and before July
25 1, 2011, shall not be determined ineligible in
26 accordance with subparagraph (A) unless the

1 institution fails to meet the requirements of
2 subsection (a)(24) for a third consecutive insti-
3 tutional fiscal year.”.

4 **SEC. 230. ADMINISTRATIVE EXPENSES.**

5 Section 489(a) (20 U.S.C. 1096(a)) is amended—

6 (1) in the second sentence, by striking “or
7 under part E of this title”; and

8 (2) in the third sentence—

9 (A) by inserting “and” after “subpart 3 of
10 part A,”; and

11 (B) by striking “compensation of stu-
12 dents,” and all that follows through the period
13 and inserting “compensation of students.”.

14 **TITLE III—MODERNIZATION,**
15 **RENOVATION, AND REPAIR**
16 **Subtitle A—Elementary and**
17 **Secondary Education**

18 **SEC. 301. DEFINITIONS.**

19 In this subtitle:

20 (1) The term “Bureau-funded school” has the
21 meaning given such term in section 1141 of the
22 Education Amendments of 1978 (25 U.S.C. 2021).

23 (2) The term “charter school” has the meaning
24 given such term in section 5210 of the Elementary

1 and Secondary Education Act of 1965 (20 U.S.C.
2 7221i).

3 (3) The term “CHPS Criteria” means the
4 green building rating program developed by the Col-
5 laborative for High Performance Schools.

6 (4) The term “Energy Star” means the Energy
7 Star program of the United States Department of
8 Energy and the United States Environmental Pro-
9 tection Agency.

10 (5) The term “Green Globes” means the Green
11 Building Initiative environmental design and rating
12 system referred to as Green Globes.

13 (6) The term “LEED Green Building Rating
14 System” means the United States Green Building
15 Council Leadership in Energy and Environmental
16 Design green building rating standard referred to as
17 LEED Green Building Rating System.

18 (7) The term “local educational agency”—

19 (A) has the meaning given such term in
20 section 9101 of the Elementary and Secondary
21 Education Act of 1965 (20 U.S.C. 7801);

22 (B) includes any public charter school that
23 constitutes a local educational agency under
24 State law; and

1 (C) includes the Recovery School District
2 of Louisiana.

3 (8) The term “outlying area”—

4 (A) means the United States Virgin Is-
5 lands, Guam, American Samoa, and the Com-
6 monwealth of the Northern Mariana Islands;
7 and

8 (B) includes the Republic of Palau.

9 (9) The term “public school facilities” means
10 existing public elementary or secondary school facili-
11 ties, including public charter school facilities and
12 other existing facilities planned for adaptive reuse as
13 public charter school facilities.

14 (10) The term “Secretary” means the Secretary
15 of Education.

16 (11) The term “State” means each of the 50
17 States, the District of Columbia, and the Common-
18 wealth of Puerto Rico.

19 **CHAPTER 1—GRANTS FOR MODERNIZA-**
20 **TION, RENOVATION, OR REPAIR OF**
21 **PUBLIC SCHOOL FACILITIES**

22 **SEC. 311. PURPOSE.**

23 Grants under this chapter shall be for the purpose
24 of modernizing, renovating, or repairing public school fa-
25 cilities (including early learning facilities, as appropriate),

1 based on the need of the facilities for such improvements,
2 to ensure that public school facilities are safe, healthy,
3 high-performing, and technologically up-to-date.

4 **SEC. 312. ALLOCATION OF FUNDS.**

5 (a) RESERVATION.—

6 (1) IN GENERAL.—From the amount appro-
7 priated to carry out this chapter for each fiscal year
8 pursuant to section 345(a), the Secretary shall re-
9 serve 2 percent of such amount, consistent with the
10 purpose described in section 311—

11 (A) to provide assistance to the outlying
12 areas; and

13 (B) for payments to the Secretary of the
14 Interior to provide assistance to Bureau-funded
15 schools.

16 (2) USE OF RESERVED FUNDS.—In each fiscal
17 year, the amount reserved under paragraph (1) shall
18 be divided between the uses described in subpara-
19 graphs (A) and (B) of such paragraph in the same
20 proportion as the amount reserved under section
21 1121(a) of the Elementary and Secondary Edu-
22 cation Act of 1965 (20 U.S.C. 6331(a)) is divided
23 between the uses described in paragraphs (1) and
24 (2) of such section 1121(a) in such fiscal year.

1 (3) DISTRESSED AREAS AND NATURAL DISAS-
2 TERS.—From the amount appropriated to carry out
3 this chapter for each fiscal year pursuant to section
4 345(a), the Secretary shall reserve 5 percent of such
5 amount for grants to—

6 (A) local educational agencies serving geo-
7 graphic areas with significant economic distress,
8 to be used consistent with the purpose de-
9 scribed in section 311 and the allowable uses of
10 funds described in section 313;

11 (B) local educational agencies serving geo-
12 graphic areas recovering from a natural dis-
13 aster, to be used consistent with the purpose
14 described in section 321 and the allowable uses
15 of funds described in section 323; and

16 (C) local educational agencies serving geo-
17 graphic areas that contain a military installa-
18 tion selected for closure under the base closure
19 and realignment process pursuant to the De-
20 fense Base Closure and Realignment Act of
21 1990 (part A of title XXIX of Public Law 101–
22 510; 10 U.S.C. 2687 note).

23 (b) ALLOCATION TO STATES.—

24 (1) STATE-BY-STATE ALLOCATION.—Of the
25 amount appropriated to carry out this chapter for

1 each fiscal year pursuant to section 345(a), and not
2 reserved under subsection (a), each State shall be al-
3 located an amount in proportion to the amount re-
4 ceived by all local educational agencies in the State
5 under part A of title I of the Elementary and Sec-
6 ondary Education Act of 1965 (20 U.S.C. 6311 et
7 seq.) for the previous fiscal year relative to the total
8 amount received by all local educational agencies in
9 every State under such part for such fiscal year.

10 (2) STATE ADMINISTRATION.—A State may re-
11 serve up to 1 percent of its allocation under para-
12 graph (1) to carry out its responsibilities under this
13 chapter, which include—

14 (A) providing technical assistance to local
15 educational agencies;

16 (B) developing an online, publicly search-
17 able database that includes an inventory of pub-
18 lic school facilities in the State, including for
19 each such facility, its design, condition, mod-
20 ernization, renovation and repair needs, utiliza-
21 tion, energy use, and carbon footprint; and

22 (C) creating voluntary guidelines for high-
23 performing school buildings, including guide-
24 lines concerning the following:

1 (i) Site location, storm water manage-
2 ment, outdoor surfaces, outdoor lighting,
3 and transportation, including public transit
4 and pedestrian and bicycle accessibility.

5 (ii) Outdoor water systems, land-
6 scaping to minimize water use, including
7 elimination of irrigation systems for land-
8 scaping, and indoor water use reduction.

9 (iii) Energy efficiency (including min-
10 imum and superior standards, such as for
11 heating, ventilation, and air conditioning
12 systems), use of alternative energy sources,
13 commissioning, and training.

14 (iv) Use of durable, sustainable mate-
15 rials, including life-cycle cost effectiveness,
16 and waste reduction.

17 (v) Indoor environmental quality, such
18 as day lighting in classrooms, lighting
19 quality, indoor air quality (including with
20 reference to reducing the incidence and ef-
21 fects of asthma and other respiratory ill-
22 nesses), acoustics, and thermal comfort.

23 (vi) Operations and management,
24 such as use of energy-efficient equipment,

1 indoor environmental management plan,
2 maintenance plan, and pest management.

3 (3) GRANTS TO LOCAL EDUCATIONAL AGEN-
4 CIES.—From the amount allocated to a State under
5 paragraph (1), each eligible local educational agency
6 in the State shall receive an amount in proportion
7 to the amount received by such local educational
8 agency under part A of title I of the Elementary and
9 Secondary Education Act of 1965 (20 U.S.C. 6311
10 et seq.) for the previous fiscal year relative to the
11 total amount received by all local educational agen-
12 cies in the State under such part for such fiscal
13 year, except that no local educational agency that re-
14 ceived funds under such part for such fiscal year
15 shall receive a grant of less than \$5,000 in any fiscal
16 year under this chapter.

17 (4) SPECIAL RULE.—Section 1122(c)(3) of the
18 Elementary and Secondary Education Act of 1965
19 (20 U.S.C. 6332(c)(3)) shall not apply to paragraph
20 (1) or (3).

21 (c) SPECIAL RULES.—

22 (1) DISTRIBUTIONS BY SECRETARY.—The Sec-
23 retary shall make and distribute the reservations
24 and allocations described in subsections (a) and (b)

1 not later than 120 days after an appropriation of
2 funds for this chapter is made.

3 (2) DISTRIBUTIONS BY STATES.—A State shall
4 make and distribute the allocations described in sub-
5 section (b)(3) within 90 days of receiving such funds
6 from the Secretary.

7 **SEC. 313. ALLOWABLE USES OF FUNDS.**

8 A local educational agency receiving a grant under
9 this chapter shall use the grant for modernization, renova-
10 tion, or repair of public school facilities (including early
11 learning facilities, as appropriate), including—

12 (1) repair, replacement, or installation of roofs,
13 including extensive, intensive or semi-intensive green
14 roofs, electrical wiring, water supply and plumbing
15 systems, sewage systems, storm water runoff sys-
16 tems, lighting systems, building envelope, windows,
17 ceilings, flooring, or doors, including security doors;

18 (2) repair, replacement, or installation of heat-
19 ing, ventilation, or air conditioning systems, includ-
20 ing insulation, and conducting indoor air quality as-
21 sessments;

22 (3) compliance with fire, health, seismic, and
23 safety codes, including professional installation of
24 fire and life safety alarms, and modernizations, ren-
25 ovations, and repairs that ensure that schools are

1 prepared for emergencies, such as improving build-
2 ing infrastructure to accommodate security measures
3 and installing or upgrading technology to ensure
4 that schools are able to respond to emergencies such
5 as acts of terrorism, campus violence, and natural
6 disasters;

7 (4) retrofitting necessary to increase the energy
8 efficiency and water efficiency of public school facili-
9 ties;

10 (5) modifications necessary to make facilities
11 accessible in compliance with the Americans with
12 Disabilities Act of 1990 (42 U.S.C. 12101 et seq.)
13 and section 504 of the Rehabilitation Act of 1973
14 (29 U.S.C. 794);

15 (6) abatement, removal, or interim controls of
16 asbestos, polychlorinated biphenyls, mold, mildew,
17 lead-based hazards, including lead-based paint haz-
18 ards, or a proven carcinogen;

19 (7) measures designed to reduce or eliminate
20 human exposure to classroom noise and environ-
21 mental noise pollution;

22 (8) modernization, renovation, or repair nec-
23 essary to reduce the consumption of coal, electricity,
24 land, natural gas, oil, or water;

1 (9) installation or upgrading of educational
2 technology infrastructure;

3 (10) modernization, renovation, or repair of
4 science and engineering laboratories, libraries, and
5 career and technical education facilities, and im-
6 provements to building infrastructure to accommo-
7 date bicycle and pedestrian access;

8 (11) installation or upgrading of renewable en-
9 ergy generation and heating systems, including
10 solar, photovoltaic, wind, biomass (including wood
11 pellet and woody biomass), waste-to-energy, and
12 solar-thermal and geothermal systems, and for en-
13 ergy audits;

14 (12) measures designed to reduce or eliminate
15 human exposure to airborne particles such as dust,
16 sand, and pollens;

17 (13) creating greenhouses, gardens (including
18 trees), and other facilities for environmental, sci-
19 entific, or other educational purposes, or to produce
20 energy savings;

21 (14) modernizing, renovating, or repairing
22 physical education facilities for students, including
23 upgrading or installing recreational structures made
24 from post-consumer recovered materials in accord-
25 ance with the comprehensive procurement guidelines

1 prepared by the Administrator of the Environmental
2 Protection Agency under section 6002(e) of the
3 Solid Waste Disposal Act (42 U.S.C. 6962(e));

4 (15) other modernization, renovation, or repair
5 of public school facilities to—

6 (A) improve teachers' ability to teach and
7 students' ability to learn;

8 (B) ensure the health and safety of stu-
9 dents and staff;

10 (C) make them more energy efficient; or

11 (D) reduce class size; and

12 (16) required environmental remediation related
13 to modernization, renovation, or repair described in
14 paragraphs (1) through (15).

15 **SEC. 314. PRIORITY PROJECTS.**

16 In selecting a project under section 313, a local edu-
17 cational agency may give priority to projects involving the
18 abatement, removal, or interim controls of asbestos, poly-
19 chlorinated biphenyls, mold, mildew, lead-based hazards,
20 including lead-based paint hazards, or a proven car-
21 cinogen.

1 **CHAPTER 2—SUPPLEMENTAL GRANTS**
2 **FOR LOUISIANA, MISSISSIPPI, AND**
3 **ALABAMA**

4 **SEC. 321. PURPOSE.**

5 Grants under this chapter shall be for the purpose
6 of modernizing, renovating, repairing, or constructing
7 public school facilities, (including early learning facilities,
8 as appropriate), based on the need for such improvements
9 or construction, to ensure that public school facilities are
10 safe, healthy, high-performing, and technologically up-to-
11 date.

12 **SEC. 322. ALLOCATION TO LOCAL EDUCATIONAL AGEN-**
13 **CIES.**

14 (a) **IN GENERAL.**—Of the amount appropriated to
15 carry out this chapter for each fiscal year pursuant to sec-
16 tion 345(b), the Secretary shall allocate to local edu-
17 cational agencies in Louisiana, Mississippi, and Alabama
18 an amount equal to the infrastructure damage inflicted on
19 public school facilities in each such district by Hurricane
20 Katrina or Hurricane Rita in 2005 relative to the total
21 of such infrastructure damage so inflicted in all such dis-
22 tricts, combined.

23 (b) **DISTRIBUTION BY SECRETARY.**—The Secretary
24 shall determine and distribute the allocations described in

1 subsection (a) not later than 120 days after an appropria-
2 tion of funds for this chapter is made.

3 **SEC. 323. ALLOWABLE USES OF FUNDS.**

4 A local educational agency receiving a grant under
5 this chapter shall use the grant for one or more of the
6 activities described in section 313, except that an agency
7 receiving a grant under this chapter also may use the
8 grant for the construction of new public school facilities.

9 **CHAPTER 3—GENERAL PROVISIONS**

10 **SEC. 331. IMPERMISSIBLE USES OF FUNDS.**

11 No funds received under this subtitle may be used
12 for—

13 (1) payment of maintenance costs, including
14 routine repairs classified as current expenditures
15 under State or local law;

16 (2) stadiums or other facilities primarily used
17 for athletic contests or exhibitions or other events
18 for which admission is charged to the general public;

19 (3) improvement or construction of facilities the
20 purpose of which is not the education of children, in-
21 cluding central office administration or operations or
22 logistical support facilities; or

23 (4) purchasing carbon offsets.

1 **SEC. 332. SUPPLEMENT, NOT SUPPLANT.**

2 A local educational agency receiving a grant under
3 this subtitle shall use such Federal funds only to supple-
4 ment and not supplant the amount of funds that would,
5 in the absence of such Federal funds, be available for mod-
6 ernization, renovation, repair, and construction of public
7 school facilities.

8 **SEC. 333. PROHIBITION REGARDING STATE AID.**

9 A State shall not take into consideration payments
10 under this subtitle in determining the eligibility of any
11 local educational agency in that State for State aid, or
12 the amount of State aid, with respect to free public edu-
13 cation of children.

14 **SEC. 334. MAINTENANCE OF EFFORT.**

15 (a) IN GENERAL.—A local educational agency may
16 receive a grant under this subtitle for any fiscal year only
17 if either the combined fiscal effort per student or the ag-
18 gregate expenditures of the agency and the State involved
19 with respect to the provision of free public education by
20 the agency for the preceding fiscal year was not less than
21 90 percent of the combined fiscal effort or aggregate ex-
22 penditures for the second preceding fiscal year.

23 (b) REDUCTION IN CASE OF FAILURE TO MEET
24 MAINTENANCE OF EFFORT REQUIREMENT.—

25 (1) IN GENERAL.—The State educational agen-
26 cy shall reduce the amount of a local educational

1 agency's grant in any fiscal year in the exact propor-
2 tion by which a local educational agency fails to
3 meet the requirement of subsection (a) by falling
4 below 90 percent of both the combined fiscal effort
5 per student and aggregate expenditures (using the
6 measure most favorable to the local agency).

7 (2) SPECIAL RULE.—No such lesser amount
8 shall be used for computing the effort required
9 under subsection (a) for subsequent years.

10 (c) WAIVER.—The Secretary shall waive the require-
11 ments of this section if the Secretary determines that a
12 waiver would be equitable due to—

13 (1) exceptional or uncontrollable circumstances,
14 such as a natural disaster; or

15 (2) a precipitous decline in the financial re-
16 sources of the local educational agency.

17 **SEC. 335. SPECIAL RULE ON CONTRACTING.**

18 Each local educational agency receiving a grant under
19 this subtitle shall ensure that, if the agency carries out
20 modernization, renovation, repair, or construction through
21 a contract, the process for any such contract ensures the
22 maximum number of qualified bidders, including local,
23 small, minority, and women- and veteran-owned busi-
24 nesses, through full and open competition.

1 **SEC. 336. USE OF AMERICAN IRON, STEEL, AND MANUFAC-**
2 **TURED GOODS.**

3 (a) IN GENERAL.—None of the funds appropriated
4 or otherwise made available by this subtitle may be used
5 for a project for the modernization, renovation, repair, or
6 construction of a public school facility unless all of the
7 iron, steel, and manufactured goods used in the project
8 are produced in the United States.

9 (b) EXCEPTIONS.—Subsection (a) shall not apply in
10 any case or category of cases in which the Secretary finds
11 that—

12 (1) applying subsection (a) would be incon-
13 sistent with the public interest;

14 (2) iron, steel, and the relevant manufactured
15 goods are not produced in the United States in suffi-
16 cient and reasonably available quantities and of a
17 satisfactory quality; or

18 (3) inclusion of iron, steel, and manufactured
19 goods produced in the United States will increase
20 the cost of the overall project by more than 25 per-
21 cent.

22 (c) PUBLICATION OF JUSTIFICATION.—If the Sec-
23 retary determines that it is necessary to waive the applica-
24 tion of subsection (a) based on a finding under subsection
25 (b), the Secretary shall publish in the Federal Register
26 a detailed written justification of the determination.

1 (d) CONSTRUCTION.—This section shall be applied in
2 a manner consistent with United States obligations under
3 international agreements.

4 **SEC. 337. LABOR STANDARDS.**

5 The grant programs under this subtitle are applicable
6 programs (as that term is defined in section 400 of the
7 General Education Provisions Act (20 U.S.C. 1221)) sub-
8 ject to section 439 of such Act (20 U.S.C. 1232b).

9 **SEC. 338. CHARTER SCHOOLS.**

10 (a) IN GENERAL.—A local educational agency receiv-
11 ing an allocation under this subtitle shall reserve an
12 amount of that allocation for charter schools within its ju-
13 risdiction for modernization, renovation, repair, and con-
14 struction of charter school facilities (including early learn-
15 ing facilities, as appropriate).

16 (b) DETERMINATION OF RESERVED AMOUNT.—The
17 amount to be reserved by a local educational agency under
18 subsection (a) shall be determined based on the combined
19 percentage of students counted under section 1113(a)(5)
20 of the Elementary and Secondary Education Act of 1965
21 (20 U.S.C. 6313(a)(5)) in the schools of the agency who—

22 (1) are enrolled in charter schools; and

23 (2) the local educational agency, in consultation
24 with the authorized public chartering agency, ex-
25 pects to be enrolled, during the year with respect to

1 which the reservation is made, in charter schools
2 that are scheduled to commence operation during
3 such year.

4 (c) SCHOOL SHARE.—Individual charter schools shall
5 receive a share of the amount reserved under subsection
6 (a) based on the need of each school for modernization,
7 renovation, repair, or construction, as determined by the
8 local educational agency in consultation with charter
9 school administrators.

10 (d) EXCESS FUNDS.—After the consultation de-
11 scribed in subsection (c), if the local educational agency
12 determines that the amount of funds reserved under sub-
13 section (a) exceeds the modernization, renovation, repair,
14 and construction needs of charter schools within the local
15 educational agency’s jurisdiction, the agency may use the
16 excess funds for other public school facility modernization,
17 renovation, repair, or construction consistent with this
18 subtitle and is not required to carry over such funds to
19 the following fiscal year for use for charter schools.

20 **SEC. 339. GREEN SCHOOLS.**

21 (a) IN GENERAL.—Of the funds appropriated for a
22 given fiscal year and made available to a local educational
23 agency to carry out this subtitle, the local educational
24 agency shall use not less than the applicable percentage
25 (described in subsection (b)) of such funds for public

1 school modernization, renovation, repair, or construction
2 that are certified, verified, or consistent with any applica-
3 ble provisions of—

4 (1) the LEED Green Building Rating System;

5 (2) Energy Star;

6 (3) the CHPS Criteria;

7 (4) Green Globes; or

8 (5) an equivalent program adopted by the
9 State, or another jurisdiction with authority over the
10 local educational agency, that includes a verifiable
11 method to demonstrate compliance with such pro-
12 gram.

13 (b) APPLICABLE PERCENTAGES.—The applicable
14 percentage described in subsection (a) is—

15 (1) for funds appropriated in fiscal year 2010,
16 50 percent; and

17 (2) for funds appropriated in fiscal year 2011,
18 75 percent.

19 (c) RULE OF CONSTRUCTION.—Nothing in this sec-
20 tion shall be construed to prohibit a local educational
21 agency from using sustainable, domestic hardwood lumber
22 as ascertained through the forest inventory and analysis
23 program of the Forest Service of the Department of Agri-
24 culture under the Forest and Rangeland Renewable Re-
25 sources Research Act of 1978 (16 U.S.C. 1641 et seq.)

1 for public school modernization, renovation, repairs, or
2 construction.

3 (d) **TECHNICAL ASSISTANCE.**—The Secretary, in
4 consultation with the Secretary of Energy and the Admin-
5 istrator of the Environmental Protection Agency, shall
6 provide outreach and technical assistance to States and
7 local educational agencies concerning the best practices in
8 school modernization, renovation, repair, and construc-
9 tion, including those related to student academic achieve-
10 ment, student and staff health, energy efficiency, and envi-
11 ronmental protection.

12 **SEC. 340. REPORTING.**

13 (a) **REPORTS BY LOCAL EDUCATIONAL AGENCIES.**—
14 Local educational agencies receiving a grant under this
15 subtitle shall annually compile a report describing the
16 projects for which such funds were used, including—

17 (1) the number and identity of public schools in
18 the agency, including the number of charter schools,
19 and for each school, the total number of students,
20 and the number of students counted under section
21 1113(a)(5) of the Elementary and Secondary Edu-
22 cation Act of 1965 (20 U.S.C. 6313(a)(5));

23 (2) the total amount of funds received by the
24 local educational agency under this subtitle, and for
25 each public school in the agency, including each

1 charter school, the amount of such funds expended,
2 and the types of modernization, renovation, repair,
3 or construction projects for which such funds were
4 used;

5 (3) the number of students impacted by such
6 projects, including the number of students so im-
7 pacted who are counted under section 1113(a)(5) of
8 the Elementary and Secondary Education Act of
9 1965 (20 U.S.C. 6313(a)(5));

10 (4) the number of public schools in the agency
11 with a metro-centric locale code of 41, 42, or 43 as
12 determined by the National Center for Education
13 Statistics and the percentage of funds received by
14 the agency under chapter 1 or chapter 2 of this sub-
15 title that were used for projects at such schools;

16 (5) the number of public schools in the agency
17 that are eligible for schoolwide programs under sec-
18 tion 1114 of the Elementary and Secondary Edu-
19 cation Act of 1965 (20 U.S.C. 6314) and the per-
20 centage of funds received by the agency under chap-
21 ter 1 or chapter 2 of this subtitle that were used for
22 projects at such schools;

23 (6) for each project—

24 (A) the cost;

1 (B) the standard described in section
2 339(a) with which the use of the funds com-
3 plied or, if the use of funds did not comply with
4 a standard described in section 339(a), the rea-
5 son such funds were not able to be used in com-
6 pliance with such standards and the agency's
7 efforts to use such funds in an environmentally
8 sound manner; and

9 (C) any demonstrable or expected benefits
10 as a result of the project (such as energy sav-
11 ings, improved indoor environmental quality,
12 student and staff health, including the reduc-
13 tion of the incidence and effects of asthma and
14 other respiratory illnesses, and improved cli-
15 mate for teaching and learning); and

16 (7) the total number and amount of contracts
17 awarded, and the number and amount of contracts
18 awarded to local, small, minority, women, and vet-
19 eran-owned businesses.

20 (b) AVAILABILITY OF REPORTS.—A local educational
21 agency shall—

22 (1) submit the report described in subsection
23 (a) to the State educational agency, which shall com-
24 pile such information and report it annually to the
25 Secretary; and

1 (2) make the report described in subsection (a)
2 publicly available, including on the agency's website.

3 (c) **REPORTS BY SECRETARY.**—Not later than March
4 31 of each fiscal year, the Secretary shall submit to the
5 Committee on Education and Labor of the House of Rep-
6 resentatives and the Committee on Health, Education,
7 Labor and Pensions of the Senate, and make available on
8 the Department of Education's website, a report on grants
9 made under this subtitle, including the information from
10 the reports described in subsection (b)(1).

11 **SEC. 341. SPECIAL RULES.**

12 Notwithstanding any other provision of this subtitle,
13 none of the funds authorized by this subtitle may be—

14 (1) used to employ workers in violation of sec-
15 tion 274A of the Immigration and Nationality Act
16 (8 U.S.C. 1324a); or

17 (2) distributed to a local educational agency
18 that does not have a policy that requires a criminal
19 background check on all employees of the agency.

20 **SEC. 342. PROMOTION OF EMPLOYMENT EXPERIENCES.**

21 The Secretary of Education, in consultation with the
22 Secretary of Labor, shall work with recipients of funds
23 under this subtitle to promote appropriate opportunities
24 to gain employment experience working on modernization,

1 renovation, repair, and construction projects funded under
2 this subtitle for—

3 (1) participants in a YouthBuild program (as
4 defined in section 173A of the Workforce Investment
5 Act of 1998 (29 U.S.C. 2918a));

6 (2) individuals enrolled in the Job Corps pro-
7 gram carried out under subtitle C of title I of the
8 Workforce Investment Act of 1998 (29 U.S.C. 2881
9 et seq.);

10 (3) individuals enrolled in a junior or commu-
11 nity college (as defined in section 312(f) of the
12 Higher Education Act of 1965 (20 U.S.C. 1088(f))
13 certificate or degree program relating to projects de-
14 scribed in section 339(a); and

15 (4) participants in preapprenticeship programs
16 that have direct linkages with apprenticeship pro-
17 grams that are registered with the Department of
18 Labor or a State Apprenticeship Agency under the
19 National Apprenticeship Act of 1937 (29 U.S.C. 50
20 et seq.).

21 **SEC. 343. ADVISORY COUNCIL ON GREEN, HIGH-PER-**
22 **FORMING PUBLIC SCHOOL FACILITIES.**

23 (a) ESTABLISHMENT OF ADVISORY COUNCIL.—The
24 Secretary shall establish an advisory council to be known
25 as the “Advisory Council on Green, High-Performing Pub-

1 lie School Facilities” (in this section referred to as the
2 “Advisory Council”) which shall be composed of—

3 (1) appropriate officials from the Department
4 of Education;

5 (2) representatives of the academic, architec-
6 tural, business, education, engineering, environ-
7 mental, labor, and scientific communities; and

8 (3) such other representatives as the Secretary
9 deems appropriate.

10 (b) DUTIES OF ADVISORY COUNCIL.—

11 (1) ADVISORY DUTIES.—The Advisory Council
12 shall advise the Secretary on the impact of green,
13 high-performing schools, on—

14 (A) teaching and learning;

15 (B) health;

16 (C) energy costs;

17 (D) environmental impact; and

18 (E) other areas that the Secretary and the
19 Advisory Council deem appropriate.

20 (2) OTHER DUTIES.—The Advisory Council
21 shall assist the Secretary in—

22 (A) making recommendations on Federal
23 policies to increase the number of green, high-
24 performing schools;

1 (B) identifying Federal policies that are
2 barriers to helping States and local educational
3 agencies make green, high-performing schools;

4 (C) providing technical assistance and out-
5 reach to States and local educational agencies
6 under section 339(d); and

7 (D) providing the Secretary such other as-
8 sistance as the Secretary deems appropriate.

9 (c) CONSULTATION.—In carrying out its duties under
10 subsection (b), the Advisory Council shall consult with the
11 Chair of the Council on Environmental Quality and the
12 heads of appropriate Federal agencies, including the Sec-
13 retary of Commerce, the Secretary of Energy, the Sec-
14 retary of Health and Human Services, the Secretary of
15 Labor, the Administrator of the Environmental Protection
16 Agency, and the Administrator of the General Services
17 Administration (through the Office of Federal High-Per-
18 formance Green Buildings).

19 (d) TERMINATION.—The authority to establish and
20 maintain the Advisory Council under this section shall ex-
21 pire at the close of September 30, 2011.

22 **SEC. 344. EDUCATION REGARDING PROJECTS.**

23 A local educational agency receiving funds under this
24 subtitle may encourage schools at which projects are un-
25 dertaken with such funds to educate students about the

1 project, including, as appropriate, the functioning of the
2 project and its environmental, energy, sustainability, and
3 other benefits.

4 **SEC. 345. AVAILABILITY OF FUNDS.**

5 (a) CHAPTER 1.—There are authorized to be appro-
6 priated, and there are appropriated, to carry out chapter
7 1 of this subtitle (in addition to any other amounts appro-
8 priated to carry out such chapter and out of any money
9 in the Treasury not otherwise appropriated),
10 \$2,020,000,000 for each of fiscal years 2010 and 2011.

11 (b) CHAPTER 2.—There are authorized to be appro-
12 priated, and there are appropriated, to carry out chapter
13 2 of this subtitle (in addition to any other amounts appro-
14 priated to carry out such chapter and out of any money
15 in the Treasury not otherwise appropriated), \$30,000,000
16 for each of fiscal years 2010 and 2011.

17 (c) PROHIBITION ON EARMARKS.—None of the funds
18 appropriated under this section may be used for a Con-
19 gressional earmark as defined in clause 9(d) of rule XXI
20 of the Rules of the House of Representatives.

21 (d) SUNSET.—The authority to award grants under
22 this subtitle shall expire at the end of fiscal year 2011.

1 **Subtitle B—Higher Education**

2 **SEC. 351. FEDERAL ASSISTANCE FOR COMMUNITY COL-** 3 **LEGE MODERNIZATION AND CONSTRUCTION.**

4 (a) IN GENERAL.—

5 (1) GRANT PROGRAM.—From the amounts
6 made available under subsection (i), the Secretary
7 shall award grants to States for the purposes of con-
8 structing new community college facilities and mod-
9 ernizing, renovating, and repairing existing commu-
10 nity college facilities. Grants awarded under this sec-
11 tion shall be used by a State for one or more of the
12 following:

13 (A) To reduce financing costs of loans for
14 new construction, modernization, renovation, or
15 repair projects at community colleges (such as
16 paying interest or points on such loans).

17 (B) To provide matching funds for a com-
18 munity college capital campaign to attract pri-
19 vate donations of funds for new construction,
20 modernization, renovation, or repair projects at
21 the community college.

22 (C) To capitalize a revolving loan fund to
23 finance new construction, modernization, ren-
24 ovation, and repair projects at community col-
25 leges.

1 (2) ALLOCATION.—

2 (A) DETERMINATION OF AVAILABLE
3 AMOUNT.—The Secretary shall determine the
4 amount available for allocation to each State by
5 determining the amount equal to the total num-
6 ber of students in the State who are enrolled in
7 community colleges and who are pursuing a de-
8 gree or certificate that is not a bachelor's, mas-
9 ter's, professional, or other advanced degree,
10 relative to the total number of such students in
11 all States, combined.

12 (B) ALLOCATION.—The Secretary shall al-
13 locate to each State selected by the Secretary to
14 receive a grant under this section an amount
15 equal to the amount determined to be available
16 for allocation to such State under subparagraph
17 (A), less any portion of that amount that is
18 subject to a limitation under paragraph (3).

19 (C) REALLOCATION.—Amounts not allo-
20 cated under this section to a State because—

21 (i) the State did not submit an appli-
22 cation under subsection (b);

23 (ii) the State submitted an application
24 that the Secretary determined did not meet
25 the requirements of such subsection; or

1 (iii) the State is subject to a limita-
2 tion under paragraph (3) that prevents the
3 State from using a portion of the alloca-
4 tion,

5 shall be proportionately reallocated under this
6 paragraph to the States that are not described
7 in clause (i), (ii), or (iii) of this subparagraph.

8 (3) GRANT AMOUNT LIMITATIONS.—A grant
9 awarded to a State under this section—

10 (A) to reduce financing costs of loans for
11 new construction, modernization, renovation, or
12 repair projects at community colleges under
13 paragraph (1)(A) shall be for an amount that
14 is not more than 25 percent of the total prin-
15 cipal amount of the loans for which financing
16 costs are being reduced; and

17 (B) to provide matching funds for a com-
18 munity college capital campaign under para-
19 graph (1)(B) shall be for an amount that is not
20 more than 25 percent of the total amount of
21 the private donations of funds raised through
22 such campaign over the duration of such cam-
23 paign, as such duration is determined by the
24 State in the application submitted under sub-
25 section (b).

1 (4) SUPPLEMENT, NOT SUPPLANT.—Funds
2 made available under this section shall be used to
3 supplement, and not supplant, other Federal, State,
4 and local funds that would otherwise be expended to
5 construct new community college facilities or mod-
6 ernize, renovate, or repair existing community col-
7 lege facilities.

8 (b) APPLICATION.—A State that desires to receive a
9 grant under this section shall submit an application to the
10 Secretary at such time, in such manner, and containing
11 such information and assurances as the Secretary may re-
12 quire. Such application shall include a certification by the
13 State that the funds provided under this section for the
14 construction of new community college facilities and the
15 modernization, renovation, and repair of existing commu-
16 nity college facilities will improve instruction at such col-
17 leges and will improve the ability of such colleges to edu-
18 cate and train students to meet the workforce needs of
19 employers in the State.

20 (c) USE OF FUNDS BY COMMUNITY COLLEGES.—

21 (1) PERMISSIBLE USES OF FUNDS.—Funds
22 made available to community colleges through a loan
23 described in subsection (a)(1)(A), a capital campaign
24 described in subsection (a)(1)(B), or a loan from a
25 revolving loan fund described in subsection (a)(1)(C)

1 shall be used only for the construction, moderniza-
2 tion, renovation, or repair of community college fa-
3 cilities that are primarily used for instruction, re-
4 search, or student housing, which may include any
5 of the following:

6 (A) Repair, replacement, or installation of
7 roofs, including extensive, intensive, or semi-in-
8 tensive green roofs, electrical wiring, water sup-
9 ply and plumbing systems, sewage systems,
10 storm water runoff systems, lighting systems,
11 building envelope, windows, ceilings, flooring, or
12 doors, including security doors.

13 (B) Repair, replacement, or installation of
14 heating, ventilation, or air conditioning systems,
15 including insulation, and conducting indoor air
16 quality assessments.

17 (C) Compliance with fire, health, seismic,
18 and safety codes, including professional installa-
19 tion of fire and life safety alarms, and mod-
20 ernizations, renovations, and repairs that en-
21 sure that the community college's facilities are
22 prepared for emergencies, such as improving
23 building infrastructure to accommodate security
24 measures and installing or upgrading tech-
25 nology to ensure that the community college is

1 able to respond to emergencies such as acts of
2 terrorism, campus violence, and natural disas-
3 ters.

4 (D) Retrofitting necessary to increase the
5 energy efficiency of the community college's fa-
6 cilities.

7 (E) Modifications necessary to make facili-
8 ties accessible in compliance with the Americans
9 with Disabilities Act of 1990 (42 U.S.C. 12101
10 et seq.) and section 504 of the Rehabilitation
11 Act of 1973 (29 U.S.C. 794).

12 (F) Abatement, removal, or interim con-
13 trols of asbestos, polychlorinated biphenyls,
14 mold, mildew, or lead-based hazards, including
15 lead-based paint hazards from the community
16 college's facilities.

17 (G) Modernization, renovation, or repair
18 necessary to reduce the consumption of coal,
19 electricity, land, natural gas, oil, or water.

20 (H) Modernization, renovation, and repair
21 relating to improving science and engineering
22 laboratories, libraries, or instructional facilities.

23 (I) Installation or upgrading of educational
24 technology infrastructure.

1 (J) Installation or upgrading of renewable
2 energy generation and heating systems, includ-
3 ing solar, photovoltaic, wind, biomass (including
4 wood pellet and woody biomass), waste-to-en-
5 ergy, solar-thermal and geothermal systems,
6 and energy audits.

7 (K) Expansion or building of computer lab
8 facilities, including facilities used to provide in-
9 formation technology training to students and
10 members of the public.

11 (L) Other modernization, renovation, or re-
12 pair projects that are primarily for instruction,
13 research, or student housing.

14 (M) Required environmental remediation
15 related to modernization, renovation, or repair
16 described in subparagraphs (A) through (L).

17 (2) GREEN SCHOOL REQUIREMENT.—A commu-
18 nity college receiving assistance through a loan de-
19 scribed in subsection (a)(1)(A), a capital campaign
20 described in subsection (a)(1)(B), or a loan from a
21 revolving loan fund described in subsection (a)(1)(C)
22 shall use not less than 50 percent of such assistance
23 to carry out projects for construction, moderniza-
24 tion, renovation, or repair that are certified, verified,
25 or consistent with the applicable provisions of—

- 1 (A) the LEED Green Building Rating Sys-
2 tem;
- 3 (B) Energy Star;
- 4 (C) the CHPS Criteria, as applicable;
- 5 (D) Green Globes; or
- 6 (E) an equivalent program adopted by the
7 State or the State higher education agency that
8 includes a verifiable method to demonstrate
9 compliance with such program.

10 (3) PROHIBITED USES OF FUNDS.—

11 (A) IN GENERAL.—No funds awarded
12 under this section may be used for—

- 13 (i) payment of maintenance costs;
- 14 (ii) construction, modernization, ren-
15 ovation, or repair of stadiums or other fa-
16 cilities primarily used for athletic contests
17 or exhibitions or other events for which ad-
18 mission is charged to the general public; or
- 19 (iii) construction, modernization, ren-
20 ovation, or repair of facilities—

21 (I) used for sectarian instruction,
22 religious worship, or a school or de-
23 partment of divinity; or

1 (II) in which a substantial por-
2 tion of the functions of the facilities
3 are subsumed in a religious mission.

4 (B) FOUR-YEAR INSTITUTIONS.—No funds
5 awarded to a four-year public institution of
6 higher education under this section may be
7 used for any facility, service, or program of the
8 institution that is not available to students who
9 are pursuing a degree or certificate that is not
10 a bachelor's, master's, professional, or other ad-
11 vanced degree.

12 (d) APPLICATION OF GEPA.—The grant program
13 authorized in this section is an applicable program (as
14 that term is defined in section 400 of the General Edu-
15 cation Provisions Act (20 U.S.C. 1221)) subject to section
16 439 of such Act (20 U.S.C. 1232b). The Secretary shall,
17 notwithstanding section 437 of such Act (20 U.S.C. 1232)
18 and section 553 of title 5, United States Code, establish
19 such program rules as may be necessary to implement
20 such grant program by notice in the Federal Register.

21 (e) CONCURRENT FUNDING.—Funds made available
22 under this section shall not be used to assist any commu-
23 nity college that receives funding for the construction,
24 modernization, renovation, and repair of facilities under
25 any other program under this Act.

1 (f) REPORTS BY THE STATES.—Each State that re-
2 ceives a grant under this section shall, not later than Sep-
3 tember 30, 2012, and annually thereafter for each fiscal
4 year in which the State expends funds received under this
5 section, submit to the Secretary a report that includes—

6 (1) a description the projects for which the
7 grant funding was, or will be, used;

8 (2) a list of the community colleges that have
9 received, or will receive, assistance from the grant
10 through a loan described in subsection (a)(1)(A), a
11 capital campaign described in subsection (a)(1)(B),
12 or a loan from a revolving loan fund described in
13 subsection (a)(1)(C); and

14 (3) a description of the amount and nature of
15 the assistance provided to each such college.

16 (g) REPORT BY THE SECRETARY.—The Secretary
17 shall submit to the authorizing committees (as defined in
18 section 103 of the Higher Education Act of 1965) an an-
19 nual report on the grants made under this section, includ-
20 ing the information described in subsection (f).

21 (h) DEFINITIONS.—

22 (1) COMMUNITY COLLEGE.—As used in this
23 section, the term “community college” means—

1 (A) a junior or community college, as such
2 term is defined in section 312(f) of the Higher
3 Education Act of 1965 (20 U.S.C. 1085(f)); or

4 (B) a four-year public institution of higher
5 education (as defined in section 101 of the
6 Higher Education Act of 1965) that awards a
7 significant number of degrees and certificates
8 that are not—

9 (i) bachelor’s degrees (or an equiva-
10 lent); or

11 (ii) master’s, professional, or other
12 advanced degrees.

13 (2) CHPS CRITERIA.—The term “CHPS Cri-
14 teria” means the green building rating program de-
15 veloped by the Collaborative for High Performance
16 Schools.

17 (3) ENERGY STAR.—The term “Energy Star”
18 means the Energy Star program of the United
19 States Department of Energy and the United States
20 Environmental Protection Agency.

21 (4) GREEN GLOBES.—The term “Green
22 Globes” means the Green Building Initiative envi-
23 ronmental design and rating system referred to as
24 Green Globes.

1 (5) LEED GREEN BUILDING RATING SYSTEM.—
2 The term “LEED Green Building Rating System”
3 means the United States Green Building Council
4 Leadership in Energy and Environmental Design
5 green building rating standard referred to as the
6 LEED Green Building Rating System.

7 (6) SECRETARY.—The term “Secretary” means
8 the Secretary of Education.

9 (7) STATE.—The term “State” has the mean-
10 ing given such term in section 103 of the Higher
11 Education Act of 1965 (20 U.S.C. 1003).

12 (i) AVAILABILITY OF FUNDS.—There are authorized
13 to be appropriated, and there are appropriated, to carry
14 out this section (in addition to any other amounts appro-
15 priated to carry out this section and out of any money
16 in the Treasury not otherwise appropriated),
17 \$2,500,000,000 for fiscal year 2010, which shall remain
18 available until expended. The authority to award grants
19 under this section shall expire at the end of fiscal year
20 2010.

21 **TITLE IV—EARLY LEARNING** 22 **CHALLENGE FUND**

23 **SEC. 401. PURPOSE.**

24 The purpose of this title is to provide grants on a
25 competitive basis to States for the following:

1 (1) To promote standards reform of State early
2 learning programs serving children from birth
3 through age 5 in order to support the healthy devel-
4 opment and improve the school readiness outcomes
5 of young children.

6 (2) To establish a high standard of quality in
7 early learning programs that integrates appropriate
8 early learning and development standards across
9 early learning settings.

10 (3) To fund and implement quality initiatives
11 that improve the skills and effectiveness of early
12 learning providers and the quality of existing early
13 learning programs, in order to increase the number
14 of disadvantaged children who participate in com-
15 prehensive and high-quality early learning programs.

16 (4) To ensure that a greater number of dis-
17 advantaged children enter kindergarten with the cog-
18 nitive, social, emotional, and physical skills and abili-
19 ties needed to be successful in school.

20 (5) To increase parents' abilities to access com-
21 prehensive and high quality early learning programs
22 across settings for their children.

23 **SEC. 402. PROGRAMS AUTHORIZED.**

24 (a) **QUALITY PATHWAYS GRANTS.**—The Secretary
25 shall use funds made available to carry out this title for

1 a fiscal year to award grants on a competitive basis to
2 States in accordance with section 403.

3 (b) DEVELOPMENT GRANTS.—The Secretary shall
4 use funds made available to carry out this title for a fiscal
5 year to award grants in accordance with section 404 on
6 a competitive basis to States that demonstrate a commit-
7 ment to establishing a system of early learning that will
8 include the components described in section 403(e)(3) but
9 are not—

10 (1) eligible to be awarded a grant under sub-
11 section (a); or

12 (2) are not awarded such a grant after applica-
13 tion.

14 (c) RESERVATIONS OF FEDERAL FUNDS.—

15 (1) RESEARCH, EVALUATION, AND ADMINISTRA-
16 TION.—From the amount made available to carry
17 out this title for a fiscal year, the Secretary—

18 (A) shall reserve up to 2 percent jointly to
19 administer this title with the Secretary of
20 Health and Human Services; and

21 (B) shall reserve up to 3 percent to carry
22 out activities under section 405.

23 (2) TRIBAL SCHOOL READINESS PLANNING
24 DEMONSTRATION.—After making the reservations
25 under paragraph (1), the Secretary shall reserve

1 0.25 percent for a competitive grant program for In-
2 dian tribes to develop and implement school readi-
3 ness plans that—

4 (A) are coordinated with local educational
5 agencies serving children who are members of
6 the tribe; and

7 (B) include American Indian and Alaska
8 Native Head Start and Early Head Start pro-
9 grams, tribal child care programs, Indian
10 Health Service programs, and other tribal pro-
11 grams serving children, including programs re-
12 ceiving funds under sections 611(h)(4) and
13 643(b) of the Individuals with Disabilities Edu-
14 cation Act (20 U.S.C. 1411(h)(4) and 1443(b)).

15 (3) QUALITY PATHWAYS GRANTS.—

16 (A) IN GENERAL.—From the amount made
17 available to carry out this title for a fiscal year
18 and not reserved under paragraph (1) or (2),
19 the Secretary shall reserve a percent (which
20 shall be not greater than 65 percent for fiscal
21 years 2010 through 2012 and not greater than
22 85 percent for fiscal year 2013 and each suc-
23 ceeding fiscal year) determined under subpara-
24 graph (B) to carry out subsection (a).

1 (B) DETERMINATION OF AMOUNT.—In de-
2 termining the amount to reserve under subpara-
3 graph (A), the Secretary, consistent with sec-
4 tion 403(e), shall take into account the fol-
5 lowing:

6 (i) The total number of States with an
7 approved application for a grant under this
8 title for the year.

9 (ii) The number of children under age
10 5 from low-income families in each State
11 with an approved application under section
12 403 for the year.

13 (C) REALLOCATION.—For fiscal year 2013
14 and subsequent fiscal years, the Secretary may
15 reallocate funds allocated for development
16 grants under subsection (b) for the purpose of
17 providing additional grants under subsection
18 (a), if the Secretary determines that there is an
19 insufficient number of applications that meet
20 the requirements for a grant under subsection
21 (b).

22 (d) STATE APPLICATIONS.—In applying for a grant
23 under this title, a State—

24 (1) shall designate a State-level entity for ad-
25 ministration of the grant;

1 (2) shall coordinate proposed activities with the
2 State Advisory Council on Early Childhood Edu-
3 cation and Care (established pursuant to section
4 642B(b)(1)(A) of the Head Start Act (42 U.S.C.
5 9837b(b)(1)(A))) and shall incorporate plans and
6 recommendations from such Council in the applica-
7 tion, where applicable; and

8 (3) otherwise shall submit the application to the
9 Secretary at such time, in such manner, and con-
10 taining such information as the Secretary may rea-
11 sonably require.

12 (e) PRIORITY IN AWARDING GRANTS.—In awarding
13 grants under this title, the Secretary shall give priority
14 to States—

15 (1) whose applications contain assurances that
16 the State will use, in part, funds reserved under sec-
17 tion 658G of the Child Care and Development Block
18 Grant Act of 1990 (42 U.S.C. 9858e) for activities
19 described in section 403(f); and

20 (2) that demonstrate efforts to build public-pri-
21 vate partnerships designed to accomplish the pur-
22 poses of this title.

23 (f) MAINTENANCE OF EFFORT.—

24 (1) IN GENERAL.—With respect to each period
25 for which a State is awarded a grant under this

1 title, the aggregate expenditures by the State and its
2 political subdivisions on early learning programs and
3 services shall be not less than the level of the ex-
4 penditures for such programs and services by the
5 State and its political subdivisions for fiscal year
6 2006.

7 (2) STATE EXPENDITURES.—For purposes of
8 paragraph (1), expenditures by the State on early
9 learning programs and services shall include, at a
10 minimum, the following:

11 (A) State matching and maintenance of ef-
12 fort funds for the Child Care and Development
13 Block Grant Act of 1990 (42 U.S.C. 9858 et
14 seq.).

15 (B) State matching funds for the State
16 Advisory Council on Early Childhood Education
17 and Care (established pursuant to section
18 642B(b)(1)(A) of the Head Start Act (42
19 U.S.C. 9837b(b)(1)(A))).

20 (C) State expenditures on public pre-kin-
21 dergarten, Head Start (including Early Head
22 Start), and other State early learning programs
23 and services dedicated to children (including
24 State expenditures under part C of the Individ-

1 uals with Disabilities Education Act (20 U.S.C.
2 1431 et seq.)).

3 (g) PROHIBITIONS ON USE OF FUNDS.—Funds
4 under this title may not be used for any of the following:

5 (1) Assessments that provide rewards or sanc-
6 tions for individual children or teachers.

7 (2) A single assessment used as the primary or
8 sole method for assessing program effectiveness.

9 (3) Evaluating children other than for—

10 (A) improving instruction or classroom en-
11 vironment;

12 (B) targeting professional development;

13 (C) determining the need for health, men-
14 tal health, disability, or family support services;

15 (D) informing the quality improvement
16 process at the State level;

17 (E) program evaluation for the purposes of
18 program improvement and parent information;

19 or

20 (F) research conducted as part of the na-
21 tional evaluation required by section 405(2).

22 (h) FEDERAL ADMINISTRATION.—

23 (1) IN GENERAL.—With respect to this title,
24 the Secretary shall bear responsibility for obligating
25 and disbursing funds and ensuring compliance with

1 applicable laws and administrative requirements,
2 subject to paragraph (2).

3 (2) INTERAGENCY AGREEMENT.—The Secretary
4 of Education and the Secretary of Health and
5 Human Services shall jointly administer this title on
6 such terms as such secretaries shall set forth in an
7 interagency agreement.

8 **SEC. 403. QUALITY PATHWAYS GRANTS.**

9 (a) GRANT PERIOD.—Grants under section 402(a)—

10 (1) may be awarded for a period not to exceed
11 5 years; and

12 (2) may be renewed, subject to approval by the
13 Secretary, and based on the State’s progress in—

14 (A) increasing the percentage of disadvan-
15 taged children in each age group (infants, tod-
16 dlers, and preschoolers) who participate in high-
17 quality early learning programs;

18 (B) increasing the number of high-quality
19 early learning programs in low-income commu-
20 nities;

21 (C) implementing an early learning system
22 that includes the components described in sub-
23 section (c)(3);

24 (D) incorporating the findings and rec-
25 ommendations reported by the commission es-

1 tablished under section 405(1) into the State
2 system of early learning; and

3 (E) committing State resources for sup-
4 porting early learning programs and services.

5 (b) MATCHING REQUIREMENT.—

6 (1) IN GENERAL.—Subject to subsection (g), to
7 be eligible to receive a grant under section 402(a),
8 a State shall contribute to the activities assisted
9 under the grant non-Federal matching funds in an
10 amount equal to not less than the applicable percent
11 of the amount of the grant.

12 (2) APPLICABLE PERCENT.—For purposes of
13 paragraph (1), the applicable percent means—

14 (A) 10 percent in the first fiscal year of
15 the grant;

16 (B) 10 percent in the second fiscal year of
17 the grant;

18 (C) 15 percent in the third fiscal year of
19 the grant; and

20 (D) 20 percent in the fourth fiscal year of
21 the grant and subsequent fiscal years.

22 (3) NON-FEDERAL FUNDS.—A State may use
23 the following to satisfy the requirement of paragraph
24 (1):

25 (A) Cash.

1 (B) In-kind contributions for the acquisi-
2 tion, construction, or improvement of early
3 learning program facilities serving disadvan-
4 taged children.

5 (C) Technical assistance related to sub-
6 paragraph (B).

7 (4) PRIVATE CONTRIBUTIONS.—Private con-
8 tributions made as part of public-private partner-
9 ships to increase the number of low-income children
10 in high-quality early learning programs in a State
11 may be used by the State to satisfy the requirement
12 of paragraph (1).

13 (5) FINANCIAL HARDSHIP WAIVER.—The Sec-
14 retary may waive or reduce the non-Federal share of
15 a State that has submitted an application for a
16 grant under section 402(a) if the State demonstrates
17 a need for such waiver or reduction due to extreme
18 financial hardship, as defined by the Secretary by
19 regulation.

20 (c) STATE APPLICATIONS.—In order to be considered
21 for a grant under section 402(a), a State's application
22 under section 402(d) shall include the following:

23 (1) A description of how the State will use the
24 grant to implement quality initiatives to improve
25 early learning programs serving disadvantaged chil-

1 dren from birth to age 5 to lead to a greater per-
2 centage of such children participating in higher
3 quality early learning programs.

4 (2) A description of the goals and benchmarks
5 the State will establish to lead to a greater percent-
6 age of disadvantaged children participating in higher
7 quality early learning programs to improve school
8 readiness outcomes, including an established baseline
9 of the number of disadvantaged children in high-
10 quality early learning programs.

11 (3) A description of how the State will imple-
12 ment a governance structure and a system of early
13 learning programs and services that includes the fol-
14 lowing components:

15 (A) Not later than 12 months after receiv-
16 ing notice of an award of the grant, complete
17 State early learning and development standards
18 that include social and emotional, cognitive, and
19 physical development domains, and approaches
20 to learning that are developmentally appro-
21 priate (including culturally and linguistically
22 appropriate) for all children.

23 (B) A process to ensure that State early
24 learning and development standards are inte-
25 grated into the instructional and programmatic

1 practices of early learning programs and serv-
2 ices, including services provided to children
3 under section 619 and part C of the Individuals
4 with Disabilities Education Act (20 U.S.C.
5 1419, 1431 et seq.).

6 (C) A program rating system that builds
7 on licensing requirements and other State regu-
8 latory standards, as appropriate, and that—

9 (i) is designed to improve quality and
10 effectiveness across different types of early
11 learning settings;

12 (ii) integrates evidence-based program
13 quality standards that reflect standard lev-
14 els of quality and has progressively higher
15 levels of program quality;

16 (iii) integrates the State's early learn-
17 ing and development standards for the
18 purpose of improving instructional and
19 programmatic practices;

20 (iv) addresses quality and effective in-
21 clusion of children with disabilities or de-
22 velopmental delays across different types of
23 early learning settings;

24 (v) addresses staff qualifications and
25 professional development;

1 (vi) provides financial incentives and
2 other supports to help programs meet and
3 sustain higher levels of quality;

4 (vii) includes mechanisms for evalu-
5 ating how programs are meeting those
6 standards and progressively higher levels
7 of quality; and

8 (viii) includes a mechanism for public
9 awareness and understanding of the pro-
10 gram rating system, including the rating
11 levels of individual programs.

12 (D) A system of program review and moni-
13 toring that is designed to rate early learning
14 programs using the system described in sub-
15 paragraph (C) and to assess and improve pro-
16 grammatic practices, instructional practices,
17 and classroom environment.

18 (E) A process to support early learning
19 programs integrating instructional and pro-
20 grammatic practices that—

21 (i) include developmentally appro-
22 priate (including culturally and linguis-
23 tically appropriate), ongoing, classroom-
24 based instructional assessments for each
25 domain of child development and learning

1 (including social and emotional, cognitive,
2 and physical development domains and ap-
3 proaches to learning) to guide and improve
4 instructional practice, professional develop-
5 ment of staff, and services; and

6 (ii) are aligned with the curricula used
7 in the early learning program and with the
8 State early learning and development
9 standards or the Head Start Child Out-
10 comes Framework (as described in the
11 Head Start Act), as applicable.

12 (F) Minimum preservice early childhood
13 development and education training require-
14 ments for providers in early learning programs.

15 (G) A comprehensive plan for supporting
16 the professional preparation and the ongoing
17 professional development of an effective, well-
18 compensated early learning workforce, which
19 plan includes training and education that is
20 sustained, intensive, and classroom-focused and
21 leads toward a credential or degree and is tied
22 to improved compensation.

23 (H) An outreach strategy to promote un-
24 derstanding by parents and families of—

1 (i) how to support their child’s early
2 development and learning;

3 (ii) the State’s program rating sys-
4 tem, as described in subparagraph (C);
5 and

6 (iii) the rating of the early learning
7 program in which their child is enrolled.

8 (I) A coordinated system to facilitate
9 screening, referral, and provision of services re-
10 lated to health, mental health, dental, develop-
11 mental delay and disability, and family support
12 for children participating in early learning pro-
13 grams.

14 (J) A process for evaluating school readi-
15 ness in children that reflects all of the major
16 domains of development, and that is used to
17 guide practice and improve early learning pro-
18 grams.

19 (K) A coordinated data infrastructure that
20 facilitates—

21 (i) uniform data collection about the
22 quality of early learning programs, essen-
23 tial information about the children and
24 families that participate in such programs,
25 and the qualifications and compensation of

1 the early learning workforce in such pro-
2 grams; and

3 (ii) alignment and interoperability be-
4 tween the data system for early learning
5 programs for children and data systems for
6 elementary and secondary education.

7 (4) A description of how the funds provided
8 under the grant will be targeted to prioritize increas-
9 ing the number and percentage of low-income chil-
10 dren in high-quality early learning programs, includ-
11 ing children—

12 (A) in each age group (infants, toddlers,
13 and preschoolers);

14 (B) with developmental delays and disabil-
15 ities;

16 (C) with limited English proficiency; and

17 (D) living in rural areas.

18 (5) An assurance that the grant will be used to
19 improve the quality of early learning programs
20 across a range of types of settings and providers of
21 such programs.

22 (6) A description of the steps the State will
23 take to make progress toward including all center-
24 based child care programs, family child care pro-
25 grams, State-funded prekindergarten, Head Start

1 programs, and other early learning programs, such
2 as those funded under title I of the Elementary and
3 Secondary Education Act of 1965 (20 U.S.C. 6301
4 et seq.) or receiving funds under section 619 or part
5 C of the Individuals with Disabilities Education Act
6 (20 U.S.C. 1419, 1431 et seq.) in the State program
7 rating system described in paragraph (3)(C).

8 (7) An assurance that the State, not later than
9 18 months after receiving notice of an award of the
10 grant, will conduct an analysis of the alignment of
11 the State's early learning and development stand-
12 ards with—

13 (A) appropriate academic content stand-
14 ards for grades kindergarten through 3; and

15 (B) elements of program quality standards
16 for early learning programs.

17 (8) An assurance that the grant will be used
18 only to supplement, and not to supplant, Federal,
19 State, and local funds otherwise available to support
20 existing early learning programs and services.

21 (9) A description of any disparity by age group
22 (infants, toddlers, and preschoolers) of available
23 high-quality early learning programs in low-income
24 communities and the steps the State will take to de-
25 crease such disparity, if applicable.

1 (10) A description of how the State early learn-
2 ing and development standards will address the
3 needs of children with limited English proficiency,
4 including by incorporating benchmarks related to
5 English language development.

6 (11) A description of how the State’s profes-
7 sional development plan will prepare the early learn-
8 ing workforce to support the early learning needs of
9 children with limited English proficiency.

10 (12) A description of how the State will im-
11 prove interagency collaboration and coordinate the
12 purposes of this title with the activities funded
13 under—

14 (A) section 658G of the Child Care and
15 Development Block Grant Act of 1990 (42
16 U.S.C. 9858e);

17 (B) section 619 and part C of the Individ-
18 uals with Disabilities Education Act (20 U.S.C.
19 1419, 1431 et seq.);

20 (C) title I of the Elementary and Sec-
21 ondary Education Act of 1965 (20 U.S.C. 6301
22 et seq.);

23 (D) State-funded pre-kindergarten pro-
24 grams (where applicable);

25 (E) Head Start programs; and

1 (F) other early childhood programs and
2 services.

3 (13) A description of how the State's early
4 learning policies, including child care policies, facili-
5 tate access to high-quality early learning programs
6 for children from low-income families.

7 (14) A description of how the State will imple-
8 ment a process for improving the quality of early
9 learning services to better meet the needs of children
10 who have experienced abuse or neglect, been exposed
11 to violence, toxic stress, parental substance abuse,
12 mental illness, or homelessness, or have had early
13 behavioral and peer relationship problems, including
14 addressing appropriate professional development,
15 programmatic practices, classroom environment, and
16 outreach and support to meet the needs of such chil-
17 dren.

18 (15) A description of any disparity by geo-
19 graphic area (urban and rural) of available high-
20 quality early learning programs for low-income chil-
21 dren and the steps the State will take to decrease
22 such disparity, if applicable.

23 (16) An assurance that the State will continue
24 to participate in part C of the Individuals with Dis-

1 abilities Education Act (20 U.S.C. 1431 et seq.) for
2 the duration of the grant.

3 (d) CRITERIA USED IN AWARDING GRANTS.—In
4 awarding grants under section 402(a), the Secretary shall
5 evaluate the applications, and award grants under such
6 section on a competitive basis, based on—

7 (1) the quality of the application submitted pur-
8 suant to section 402(d);

9 (2) the priority factors described in section
10 402(e);

11 (3) evidence of significant progress in estab-
12 lishing a system of early learning for children that
13 includes the components described in subsection
14 (c)(3); and

15 (4) the State's capacity to fully complete imple-
16 mentation of such a system.

17 (e) CRITERION USED IN DETERMINING AMOUNT OF
18 AWARD.—In determining the amount to award a State
19 under section 402(a), the Secretary shall take into ac-
20 count—

21 (1) the proportion of children under age 5 from
22 low-income families in the State relative to such pro-
23 portion in other States; and

1 (2) the State plan and capacity to implement
2 the criteria described in paragraphs (3) and (4) of
3 subsection (d).

4 (f) STATE USES OF FUNDS.—

5 (1) IN GENERAL.—A State receiving a grant
6 under section 402(a) shall use the grant as follows:

7 (A) Not less than 65 percent of the grant
8 amount shall be used for two or more of the fol-
9 lowing activities to improve the quality of early
10 learning programs serving disadvantaged chil-
11 dren:

12 (i) Initiatives that improve the creden-
13 tials of early learning providers and are
14 tied to increased compensation.

15 (ii) Initiatives that help early learning
16 programs meet and sustain higher pro-
17 gram quality standards, such as—

18 (I) improving the ratio of early
19 learning provider to children in early
20 learning settings;

21 (II) reducing group size;

22 (III) improving the qualifications
23 of early learning providers; and

24 (IV) supporting effective edu-
25 cation and training for early learning

1 providers (which may include estab-
2 lishing or supporting partnerships
3 with institutions of higher education
4 (as such term is defined in section
5 101 of the Higher Education Act of
6 1965 (20 U.S.C. 1001) to support
7 such education and training).

8 (iii) Implementing classroom observa-
9 tion assessments and data-driven decisions
10 (which may include implementation of a
11 research-based prevention and intervention
12 framework designed to build social com-
13 petence and prevent challenging behaviors)
14 tied to activities that improve instructional
15 practices, programmatic practices, or class-
16 room environment and promote school
17 readiness.

18 (iv) Providing financial incentives to
19 early learning programs—

20 (I) for undertaking quality im-
21 provements that promote healthy de-
22 velopment and school readiness; and

23 (II) maintaining quality improve-
24 ments that promote healthy develop-
25 ment and school readiness.

1 (v) Integrating State early learning
2 and development standards into instruc-
3 tional and programmatic practices in early
4 learning programs.

5 (vi) Providing high-quality, sustained,
6 intensive, and classroom-focused profes-
7 sional development that improves the
8 knowledge and skills of early learning pro-
9 viders, including professional development
10 related to meeting the needs of diverse
11 populations.

12 (vii) Building the capacity of early
13 learning programs and communities to pro-
14 mote the understanding of parents and
15 families of the State's early learning sys-
16 tem and the rating of the early learning
17 program in which their child is enrolled
18 and to encourage the active involvement
19 and engagement of parents and families in
20 the learning and development of their chil-
21 dren.

22 (viii) Building the capacity of early
23 learning programs and communities to fa-
24 cilitate screening, referral, and provision of
25 services related to health, mental health,

1 dental, developmental delay and disability,
2 and family support for children partici-
3 pating in early learning programs.

4 (ix) Other innovative activities, pro-
5 posed by the State and approved in ad-
6 vance by the Secretary that are—

7 (I) based on successful practices;

8 (II) designed to improve the
9 quality of early learning programs and
10 services; and

11 (III) advance the system compo-
12 nents described in subsection (c)(3).

13 (B) The remainder of the grant amount
14 may be used for one or more of the following:

15 (i) Implementation or enhancement of
16 the State's data system described in sub-
17 section (c)(3)(K), including interoperability
18 across agencies serving children, and
19 unique child and program identifiers.

20 (ii) Enhancement of the State's over-
21 sight system for early learning programs,
22 including the implementation of a program
23 rating system.

24 (iii) The development and implemen-
25 tation of measures of school readiness of

1 children that reflect all of the major do-
2 mains of child development and that in-
3 form the quality improvement process.

4 (2) PRIORITY.—A State receiving a grant under
5 section 402(a) shall use the grant so as to prioritize
6 improving the quality of early learning programs
7 serving children from low-income families.

8 (g) SPECIAL RULE.—

9 (1) IN GENERAL.—Beginning with the second
10 fiscal year of a grant under section 402(a), a State
11 with respect to which the Secretary certifies that the
12 State has made sufficient progress in implementing
13 the requirements of the grant may apply to the Sec-
14 retary to reserve up to 25 percent of the amount of
15 the grant to expand access for children from low-in-
16 come families to the highest quality early learning
17 programs that offer full-day services (or, if the State
18 can demonstrate that it is already meeting the needs
19 of such children in such manner, the State may
20 apply to expand access for disadvantaged children in
21 such manner and the State's application may not be
22 adversely treated due to such request), except that
23 the State must agree to contribute for such purpose
24 non-Federal matching funds in an amount equal to
25 not less than 20 percent of the amount reserved

1 under this subsection. One-half of such non-Federal
2 matching funds may be provided by a private entity.

3 (2) NON-FEDERAL FUNDS.—A State may use
4 the following to satisfy the matching requirement of
5 paragraph (1):

6 (A) Cash.

7 (B) In-kind contributions for the acquisi-
8 tion, construction, or improvement of early
9 learning program facilities serving disadvan-
10 taged children.

11 (C) Technical assistance related to sub-
12 paragraph (B).

13 (3) FINANCIAL HARDSHIP WAIVER.—The Sec-
14 retary may waive or reduce the non-Federal share of
15 a State under paragraph (1) if the State dem-
16 onstrates a need for such waiver or reduction due to
17 extreme financial hardship, as defined by the Sec-
18 retary by regulation.

19 (h) IMPROVEMENT PLAN.—If the Secretary deter-
20 mines that a State receiving a grant under section 402(a)
21 is encountering barriers to reaching goals described in
22 subsection (c)(2), the State shall develop a plan for im-
23 provement in consultation with, and subject to approval
24 by, the Secretary.

1 **SEC. 404. DEVELOPMENT GRANTS.**

2 (a) GRANT PERIOD.—Grants under section 402(b)
3 may be awarded for a period not to exceed 3 years, and
4 may not be renewed.

5 (b) STATE USES OF FUNDS.—

6 (1) IN GENERAL.—A State receiving a grant
7 under section 402(b) shall use the grant to under-
8 take activities that develop the early learning system
9 components described in section 403(c)(3) and that
10 will improve a State’s competitiveness for a grant
11 described in section 402(a).

12 (2) PRIORITY.—A State receiving a grant under
13 section 402(b) shall use the grant so as to prioritize
14 improving the quality of early learning programs
15 serving low-income children.

16 (c) MATCHING REQUIREMENT.—

17 (1) IN GENERAL.—To be eligible to receive a
18 grant under section 402(b), a State shall contribute
19 to the activities assisted under the grant non-Fed-
20 eral matching funds in an amount equal to not less
21 than the applicable percent of the amount of the
22 grant.

23 (2) APPLICABLE PERCENT.—For purposes of
24 paragraph (1), the applicable percent means—

25 (A) 20 percent in the first fiscal year of
26 the grant;

1 (B) 25 percent in the second fiscal year of
2 the grant; and

3 (C) 30 percent in the third fiscal year of
4 the grant.

5 (3) NON-FEDERAL FUNDS.—A State may use
6 the following to satisfy the requirement of paragraph
7 (1):

8 (A) Cash.

9 (B) In-kind contributions for the acquisi-
10 tion, construction, or improvement of early
11 learning program facilities serving disadvan-
12 taged children.

13 (C) Technical assistance related to sub-
14 paragraph (B).

15 (4) PRIVATE CONTRIBUTIONS.—Private con-
16 tributions made as part of public-private partner-
17 ships to increase the number of low-income children
18 in high-quality early learning programs in a State
19 may be used by the State to satisfy the requirement
20 of paragraph (1).

21 (5) FINANCIAL HARDSHIP WAIVER.—The Sec-
22 retary may waive or reduce the non-Federal share of
23 a State that has submitted an application for a
24 grant under section 402(b) if the State demonstrates
25 a need for such waiver or reduction due to extreme

1 financial hardship, as defined by the Secretary by
2 regulation.

3 **SEC. 405. RESEARCH AND EVALUATION.**

4 From funds reserved under section 402(c)(1), the
5 Secretary of Education and the Secretary of Health and
6 Human Services, acting jointly, shall carry out the fol-
7 lowing activities:

8 (1) Establishing a national commission whose
9 duties shall include—

10 (A) reviewing the status of State and Fed-
11 eral early learning program quality standards
12 and early learning and development standards;

13 (B) recommending benchmarks for pro-
14 gram quality standards and early learning and
15 development standards, including taking into
16 consideration the school readiness needs of chil-
17 dren with limited English proficiency; and

18 (C) reporting to the Secretaries of Edu-
19 cation and Health and Human Services not
20 later than 2 years after the date of the enact-
21 ment of this Act on the commission's findings
22 and recommendations.

23 (2) Conducting a national evaluation of the
24 grants made under this title through the Institute of
25 Education Science in collaboration with the appro-

1 appropriate research divisions within the Department of
2 Health and Human Services.

3 (3) Supporting a research collaborative among
4 the Institute of Education Sciences, the National In-
5 stitute of Child Health and Human Development,
6 the Office of Planning, Research, and Evaluation
7 within the Administration for Children and Families
8 in the Department of Health and Human Services,
9 and, as appropriate, other Federal entities to sup-
10 port research on early learning that can inform im-
11 proved State and other standards and licensing re-
12 quirements and improved child outcomes, which col-
13 laborative shall—

14 (A) biennially prepare and publish for pub-
15 lic comment a detailed research plan;

16 (B) support early learning research activi-
17 ties that may include—

18 (i) examining the characteristics of
19 early learning programs that produce posi-
20 tive developmental outcomes for children;

21 (ii) examining the effects of program
22 quality standards on child outcomes;

23 (iii) examining the relationships be-
24 tween specific interventions and types of
25 child and family outcomes;

1 (iv) examining the effectiveness of
2 early learning provider training in raising
3 program quality and improving child out-
4 comes;

5 (v) examining the effectiveness of pro-
6 fessional development strategies in raising
7 program quality and improving child out-
8 comes;

9 (vi) examining how to improve the
10 school readiness outcomes of children with
11 limited English proficiency, special needs,
12 and homeless children, including evaluation
13 of professional development programs for
14 working with such children; and

15 (vii) supporting the development of
16 valid and reliable assessments of young
17 children and program quality, including in
18 domains including language, literacy,
19 mathematics, science, social and emotional
20 development, and approaches to learning,
21 with particular attention to development of
22 assessments of domains for which there
23 are few appropriate assessments, that
24 are—

1 (I) developmentally, linguistically,
2 and culturally appropriate for the
3 population served, including children
4 with disabilities and children with lim-
5 ited English proficiency;

6 (II) consistent with relevant, na-
7 tionally recognized professional and
8 technical standards related to the as-
9 sessment of young children;

10 (III) consistent with the guide-
11 lines on assessment for improved
12 practice and for accountability in the
13 National Research Council Committee
14 on Developmental Outcomes and As-
15 sessments for Young Children; and

16 (C) disseminate relevant research findings
17 and best practices.

18 (4) Not later than 18 months after the date of
19 the enactment of this Act, conducting a review of
20 the statewide strategic reports developed by the
21 State Advisory Councils on Early Care and Edu-
22 cation (established pursuant to section
23 642B(b)(1)(A) of the Head Start Act (42 U.S.C.
24 9837b(b)(1)(A))) and other relevant information (in-
25 cluding information reported by States under section

1 406(b)(9)) to evaluate barriers to increasing access
2 to high-quality early learning programs for low-in-
3 come children, reporting on the findings of such re-
4 view, and disseminating relevant findings and best
5 practices.

6 **SEC. 406. REPORTING REQUIREMENTS.**

7 (a) REPORTS TO CONGRESS.—For each year in which
8 funding is provided under this title, the Secretary shall
9 submit an annual report to the Committee on Education
10 and Labor of the House of Representatives and the Com-
11 mittee on Health, Education, Labor and Pensions of the
12 Senate on the activities carried out under this title, includ-
13 ing, at a minimum, information on the following:

14 (1) The activities undertaken by States to in-
15 crease the availability of high-quality early learning
16 programs.

17 (2) The number of children in high-quality
18 early learning programs, and the change from the
19 prior year, disaggregated by State, age, and race.

20 (3) The number of early learning providers en-
21 rolled, with assistance from funds under this title, in
22 a program to obtain a credential or degree in early
23 childhood education and the settings in which such
24 providers work.

1 (4) A summary of State progress in imple-
2 menting a system of early learning with the compo-
3 nents described in section 403(c)(3).

4 (5) A summary of the research activities being
5 conducted under section 405 and the findings of
6 such research.

7 (b) REPORTS TO SECRETARY.—Each State that re-
8 ceives a grant under this title shall submit to the Secretary
9 an annual report that includes, at a minimum, information
10 on the activities carried out by the State under this title,
11 including the following:

12 (1) The State's progress on fully implementing
13 and integrating into a system of early learning each
14 of the components described in section 403(c)(3).

15 (2) The State's progress in meeting its goals
16 for increasing the number of disadvantaged children
17 participating in high-quality early learning pro-
18 grams, disaggregated by child age.

19 (3) The number and percentage of disadvan-
20 taged children participating in early learning pro-
21 grams at each level of quality, disaggregated by
22 race, family income, child age, disability, and limited
23 English proficiency status.

24 (4) The number of early learning programs par-
25 ticipating in the State quality rating system,

1 disaggregated by setting, rating, and the number of
2 high-quality early learning programs available in
3 low-income communities.

4 (5) Information on how the funds provided
5 under this title were used to increase the availability
6 of high-quality early learning programs for each age
7 group, disaggregated by race and limited English
8 proficiency status, to the maximum extent prac-
9 ticable.

10 (6) Information on professional development
11 and training expenditures, including—

12 (A) the number of early learning providers
13 and early learning programs engaged in such
14 activities; and

15 (B) the number of early learning providers
16 enrolled in programs to obtain a credential or
17 degree in early childhood education,
18 disaggregated by the type of credential and de-
19 gree.

20 (7) The change in the number and percentage
21 of early learning providers with credentials or de-
22 grees in early childhood education, including the
23 change in compensation given to such providers, in
24 comparison to the prior fiscal year, disaggregated by

1 early learning setting and the type of credential or
2 degree.

3 (8) In the case of a State receiving a grant
4 under section 402(a), the percentage of children re-
5 ceiving assistance under the Child Care and Devel-
6 opment Block Grant Act of 1990 (42 U.S.C. 9858
7 et seq.) who participate in the highest quality early
8 learning programs, disaggregated by program set-
9 ting and child age.

10 (9) Barriers to expanding access to high-quality
11 early learning programs for disadvantaged children.

12 **SEC. 407. CONSTRUCTION.**

13 Nothing in this title—

14 (1) shall be construed to require a child to par-
15 ticipate in an early learning program; or

16 (2) shall be used to deny entry to kindergarten
17 for any individual if the individual is legally eligible,
18 as defined by State or local law.

19 **SEC. 408. DEFINITIONS.**

20 For purposes of this title:

21 (1) CHILD.—The term “child” refers to an in-
22 dividual from birth through the day the individual
23 enters kindergarten.

24 (2) DISADVANTAGED.—The term “disadvan-
25 taged”, when used with respect to a child, means a

1 child whose family income is described in section
2 658P(4)(B) of the Child Care and Development
3 Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)).

4 (3) INDIAN TRIBE.—The term “Indian tribe”
5 has the meaning given such term in section 637 of
6 the Head Start Act (42 U.S.C. 9832).

7 (4) LIMITED ENGLISH PROFICIENT.—The term
8 “limited English proficient” has the meaning given
9 such term in section 637 of the Head Start Act (42
10 U.S.C. 9832).

11 (5) SECRETARY.—The term “Secretary” means
12 the Secretary of Education.

13 (6) STATE.—The term “State” has the mean-
14 ing given such term in section 9101 of the Elemen-
15 tary and Secondary Education Act of 1965 (20
16 U.S.C. 7801).

17 **SEC. 409. AVAILABILITY OF FUNDS.**

18 There are authorized to be appropriated, and there
19 are appropriated, to carry out this title (in addition to any
20 other amounts appropriated to carry out this title and out
21 of any money in the Treasury not otherwise appropriated)
22 \$1,000,000,000 for each of fiscal years 2010 through
23 2017. The authority to award grants under this title shall
24 expire at the end of fiscal year 2017.

1 **TITLE V—AMERICAN**
2 **GRADUATION INITIATIVE**

3 **SEC. 501. AUTHORIZATION AND APPROPRIATION.**

4 (a) **AUTHORIZATION AND APPROPRIATION.**—There
5 are authorized to be appropriated, and there are appro-
6 priated, to carry out this title (in addition to any other
7 amounts appropriated to carry out this title and out of
8 any money in the Treasury not otherwise appropriated),
9 \$730,000,000 for each of the fiscal years 2010 through
10 2013, and \$680,000,000 for each of the fiscal years 2014
11 through 2019. The authority to award grants under this
12 title shall expire at the end of fiscal year 2019.

13 (b) **ALLOCATIONS.**—Of the amount appropriated
14 under subsection (a)—

15 (1) \$630,000,000 shall be made available for
16 each of the fiscal years 2010 through 2013 to carry
17 out section 503;

18 (2) \$630,000,000 shall be made available for
19 each of the fiscal years 2014 through 2019 to carry
20 out section 504;

21 (3) \$50,000,000 shall be made available for
22 each of the fiscal years 2010 through 2019 to carry
23 out subsection (a) of section 505; and

1 (4) \$50,000,000 shall be made available for
2 each of the fiscal years 2010 through 2013 to carry
3 out subsections (b) and (c) of section 505.

4 (c) RESPONSIBILITY.—

5 (1) IN GENERAL.—With respect to sections 503
6 and 504, the Secretary of Education shall bear the
7 responsibility for obligating and disbursing funds
8 under such sections and ensuring compliance with
9 applicable law and administrative requirements, sub-
10 ject to paragraph (2).

11 (2) INTERAGENCY AGREEMENT.—The Secretary
12 of Education and the Secretary of Labor shall joint-
13 ly administer sections 503 and 504 on such terms
14 as such Secretaries shall set forth in an interagency
15 agreement.

16 **SEC. 502. DEFINITIONS; GRANT PRIORITY.**

17 In this title:

18 (1) AREA CAREER AND TECHNICAL EDUCATION
19 SCHOOL.—The term “area career and technical edu-
20 cation school” has the meaning given such term in
21 section 3 of the Carl D. Perkins Career and Tech-
22 nical Education Act of 2006 (20 U.S.C. 2302).

23 (2) COMMUNITY COLLEGE.—The term “commu-
24 nity college” means a public institution of higher
25 education at which the highest degree that is pre-

1 dominantly awarded to students is an associate's de-
2 gree.

3 (3) ELIGIBLE ENTITY.—The term “eligible enti-
4 ty” means—

5 (A) a community college or community col-
6 lege district that has at least one articulation
7 agreement with a four-year institution of higher
8 education;

9 (B) an area career and technical education
10 school that has at least one articulation agree-
11 ment with an institution of higher education;

12 (C) a public four-year institution of higher
13 education that—

14 (i) offers two-year degrees;

15 (ii) will use funds provided under this
16 section for activities at the certificate and
17 associate degree levels; and

18 (iii) is not reasonably close, as deter-
19 mined by the Secretary, to a community
20 college;

21 (D) a Tribal College or University;

22 (E) a public four-year institution of higher
23 education that is in partnership with an eligible
24 entity described in subparagraph (A), (B), (C),
25 or (D);

1 (F) a State that—

2 (i) is in compliance with section 137
3 of the Higher Education Act of 1965 (20
4 U.S.C. 1015f);

5 (ii) has established and implemented a
6 comprehensive articulation agreement be-
7 tween or among public institutions of high-
8 er education in the State that includes out-
9 lining the acceptability of community col-
10 lege courses in transfer for credit at public
11 four-year institutions in the State; and

12 (iii) is in partnership with an eligible
13 entity described in subparagraph (A), (B),
14 (C), (D), or (E);

15 (G) a consortium of at least 2 entities de-
16 scribed in subparagraphs (A) through (F).

17 (H) at the discretion of the Secretary, a
18 private, not-for-profit, two-year institution of
19 higher education in Puerto Rico, the District of
20 Columbia, Guam, the United States Virgin Is-
21 lands, American Samoa, the Commonwealth of
22 the Northern Mariana Islands, the Republic of
23 the Marshall Islands, the Federated States of
24 Micronesia, or the Republic of Palau.

1 (4) INDUSTRY OR SECTOR PARTNERSHIP.—The
2 term “industry or sector partnership” has the mean-
3 ing given such term in section 782(f) of the Higher
4 Education Act of 1965.

5 (5) INSTITUTION OF HIGHER EDUCATION.—The
6 term “institution of higher education” has the
7 meaning given such term in section 101 of the High-
8 er Education Act of 1965 (20 U.S.C. 1001).

9 (6) PHILANTHROPIC ORGANIZATION.—The term
10 “philanthropic organization” has the meaning given
11 such term in section 781(i) of the Higher Education
12 Act of 1965 (20 U.S.C. 1141(i)).

13 (7) SECRETARY.—The term “Secretary” means
14 the Secretary of Education.

15 (8) STATE.—The term “State” has the mean-
16 ing given such term in section 103 of the Higher
17 Education Act of 1965 (20 U.S.C. 1003).

18 (9) STATE PUBLIC EMPLOYMENT SERVICE.—
19 The term “State public employment service” refers
20 to a State public employment service established
21 under the Wagner-Peyser Act (29 U.S.C. 49 et
22 seq.).

23 (10) STATE WORKFORCE INVESTMENT BOARD;
24 LOCAL WORKFORCE INVESTMENT BOARD.—The
25 terms “State workforce investment board” and

1 “local workforce investment board” refer to a State
2 workforce investment board established under sec-
3 tion 111 of the Workforce Investment Act (29
4 U.S.C. 2821) and a local workforce investment
5 board established under section 117 of such Act (29
6 U.S.C. 2832), respectively.

7 (11) SUPPORTIVE SERVICES.—The term “sup-
8 portive services” has the meaning given such term in
9 section 101(46) of the Workforce Investment Act of
10 1998 (29 U.S.C. 2801(46)).

11 (12) TRIBAL COLLEGE OR UNIVERSITY.—The
12 term “Tribal College or University” has the meaning
13 given such term in section 316 of the Higher Edu-
14 cation Act of 1965 (20 U.S.C. 1059c).

15 **SEC. 503. GRANTS TO ELIGIBLE ENTITIES FOR COMMUNITY**
16 **COLLEGE REFORM.**

17 (a) PROGRAM AUTHORIZATION.—

18 (1) GRANTS AUTHORIZED.—

19 (A) IN GENERAL.—Subject to paragraph
20 (2), from the amount appropriated to carry out
21 this section, the Secretary, in coordination with
22 the Secretary of Labor, shall award grants to
23 eligible entities, on a competitive basis, to es-
24 tablish and support programs described in sub-
25 paragraph (B) at eligible entities described in

1 subparagraphs (A) through (E) of section
2 502(a)(3).

3 (B) PROGRAMS.—The programs to be es-
4 tablished and supported with grants under sub-
5 paragraph (A) (and carried out through activi-
6 ties described in subsection (f)) shall be pro-
7 grams—

8 (i) that are—

9 (I) innovative programs; or

10 (II) programs of demonstrated
11 effectiveness, based on the evaluations
12 of similar programs funded by the De-
13 partment of Education or the Depart-
14 ment of Labor, or other research of
15 similar programs; and

16 (ii) that lead to the completion of a
17 postsecondary degree, certificate, or indus-
18 try-recognized credential leading to a
19 skilled occupation in a high-demand indus-
20 try.

21 (2) LIMITATION.—For each fiscal year for
22 which funds are appropriated to carry out this sec-
23 tion, the aggregate amount of the grants awarded to
24 eligible entities that are States, or consortia that in-
25 clude a State, shall be not more than 50 percent of

1 the total amount appropriated under section
2 501(b)(1) for such fiscal year.

3 (3) PROHIBITION.—The Secretary shall not
4 award a grant to an eligible entity for the same spe-
5 cific activities that are being supported by other
6 Federal grant funds.

7 (b) GRANT DURATION AND AMOUNT.—

8 (1) DURATION.—A grant under this section
9 shall be awarded to an eligible entity for a 4-year pe-
10 riod, except that if the Secretary determines that the
11 eligible entity has not made demonstrable progress
12 in achieving the benchmarks developed pursuant to
13 subsection (g) by the end of the third year of such
14 grant period, no further grant funds shall be made
15 available to the entity after the date of such deter-
16 mination.

17 (2) AMOUNT.—The minimum amount of a total
18 grant award under this section over the 4-year pe-
19 riod of the award shall be \$750,000.

20 (c) PRIORITY.—In awarding grants under this sec-
21 tion, the Secretary shall give priority to eligible entities
22 that—

23 (1) enter into partnerships with—

1 (A) philanthropic or research organizations
2 with expertise in meeting the goals of this sec-
3 tion;

4 (B) businesses or industry or sector part-
5 nerships that—

6 (i) design and implement programs
7 described in subsection (a)(1)(B);

8 (ii) pay a portion of the costs of such
9 programs; and

10 (iii) agree to collaborate with one or
11 more eligible entities to hire individuals
12 who have completed a particular postsec-
13 ondary degree, certificate, or credential
14 program;

15 (C) labor organizations that provide tech-
16 nical expertise for occupationally specific edu-
17 cation necessary for an industry-recognized cre-
18 dential leading to a skilled occupation in a high-
19 demand industry;

20 (2) are institutions of higher education eligible
21 for assistance under title III or V of the Higher
22 Education Act of 1965, or consortia that include
23 such an institution;

24 (3) are focused on serving low-income, non-tra-
25 ditional students (as defined in section 803(j) of the

1 Higher Education Act of 1965 (20 U.S.C.
2 1161c(j))), students who are dislocated workers, or
3 students who are veterans, who do not have a bach-
4 elor's degree;

5 (4) are focused on serving low-income, non-
6 traditional students (as defined in section 803(j) of
7 the Higher Education Act of 1965 (20 U.S.C.
8 1161c(j))), who do not have a bachelor's degree; or

9 (5) are community colleges located in areas
10 with high unemployment rates.

11 (d) FEDERAL AND NON-FEDERAL SHARE; SUPPLE-
12 MENT, NOT SUPPLANT.—

13 (1) FEDERAL SHARE.—The amount of the Fed-
14 eral share under this section for a fiscal year shall
15 be not greater than $\frac{1}{2}$ of the costs of the programs,
16 services, and policies described in subsection (f) that
17 are carried out under the grant.

18 (2) NON-FEDERAL SHARE.—

19 (A) IN GENERAL.—The amount of the
20 non-Federal share under this section for a fiscal
21 year shall be not less than $\frac{1}{2}$ of the costs of the
22 programs, services, and policies described in
23 subsection (f) that are carried out under the
24 grant. The non-Federal share may be in cash or
25 in kind, and may be provided from State re-

1 sources, local resources, contributions from pri-
2 vate organizations, or a combination thereof.

3 (B) FINANCIAL HARDSHIP WAIVER.—The
4 Secretary may waive or reduce the non-Federal
5 share of an eligible entity that has submitted an
6 application under this section if the entity dem-
7 onstrates a need for such waiver or reduction
8 due to extreme financial hardship, as defined by
9 the Secretary by regulation.

10 (3) SUPPLEMENT, NOT SUPPLANT.—The Fed-
11 eral and non-Federal shares required by this section
12 shall be used to supplement, and not supplant, State
13 and private resources that would otherwise be ex-
14 pended to establish and support programs described
15 in subsection (a)(1)(B) at eligible entities.

16 (4) EXCEPTION.—This subsection shall not
17 apply to Tribal Colleges and Universities.

18 (e) APPLICATION.—An eligible entity seeking to re-
19 ceive a grant under this section shall submit to the Sec-
20 retary an application at such time, in such manner, and
21 containing such information as the Secretary may require.
22 Such application shall describe the programs under sub-
23 section (a)(1)(B) that the eligible entity will carry out
24 using the grant funds, (including the programs, services,
25 and policies under subsection (f)), including—

1 (1) the goals of such programs, services, and
2 policies;

3 (2) how the eligible entity will allocate grant
4 funds for such programs, services, and policies;

5 (3) how such programs, services, and policies,
6 and the resources of the eligible entity, will enable
7 the eligible entity to meet the benchmarks developed
8 pursuant to subsection (g), and how the eligible enti-
9 ty will track and report the entity's progress in
10 reaching such benchmarks;

11 (4) how the eligible entity will use such pro-
12 grams, services, and policies to establish quantifiable
13 targets for improving graduation rates and employ-
14 ment-related outcomes;

15 (5) how the eligible entity will serve high-need
16 populations through such programs, services, and
17 policies;

18 (6) how the eligible entity will partner with in-
19 dustry or sector partnerships in the State, the State
20 public employment service, and State or local work-
21 force investment boards in carrying out such pro-
22 grams, services, and policies;

23 (7) an assurance that the eligible entity will
24 share information with the Learning and Earning

1 Research Center established under section 505(b),
2 once such Center is established;

3 (8) an assurance that the eligible entity will
4 participate in the evaluation of such programs, serv-
5 ices, and policies under subsection (i);

6 (9) the potential for such programs, services,
7 and policies to be replicated at other institutions of
8 higher education; and

9 (10) how the eligible entity will incorporate and
10 support faculty and staff of the institution in meet-
11 ing the goals of such programs, services, and poli-
12 cies.

13 (f) USES OF FUNDS.—An eligible entity receiving a
14 grant under this section shall use the grant funds to carry
15 out the programs described in subsection (a)(1)(B), which
16 shall include at least 2 of the following activities:

17 (1) Developing and implementing policies and
18 programs to expand opportunities for students at eli-
19 gible entities described in subparagraphs (A)
20 through (E) of section 502(a)(3) to earn bachelor's
21 degrees by—

22 (A) facilitating the transfer of academic
23 credits between institutions of higher education,
24 including the transfer of academic credits for
25 courses in the same field of study; and

1 (B) expanding articulation agreements and
2 guaranteed transfer agreements between such
3 institutions, including through common course
4 numbering and general core curriculum.

5 (2) Expanding, enhancing, or creating academic
6 programs or training programs, which shall be car-
7 ried out with industry or sector partnerships or in
8 partnership with employers and may include other
9 relevant partners, that provide relevant job-skill
10 training (including apprenticeships and worksite
11 learning and training opportunities) for skilled occu-
12 pations in high-demand industries.

13 (3) Providing student support services, includ-
14 ing—

15 (A) intensive career and academic advising;

16 (B) labor market information and job
17 counseling;

18 (C) transitional job support, supportive
19 services, or assistance in connecting students
20 with community resources; and

21 (D) library services, including information
22 literacy activities, to—

23 (i) help increase postsecondary degree,
24 certificate, and industry-recognized creden-
25 tial completion rates, particularly with re-

1 spect to groups underrepresented in higher
2 education; and

3 (ii) assist individuals with obtaining
4 and retaining employment.

5 (4) Creating workforce programs that provide a
6 sequence of education and occupational training that
7 leads to industry-recognized credentials, including
8 programs that—

9 (A) blend basic skills, information literacy,
10 and occupational training that lead to industry-
11 recognized credentials;

12 (B) integrate developmental education cur-
13 ricula and instruction with for-credit
14 coursework toward degree or certificate path-
15 ways; or

16 (C) advance individuals on a career path
17 toward high-wage occupations in high-demand
18 industries.

19 (5) Building or enhancing linkages, including
20 the development of dual enrollment programs and
21 early college high schools, between—

22 (A) secondary education or adult education
23 programs (including programs established
24 under the Carl D. Perkins Career and Tech-
25 nical Education Act of 2006 and title II of the

1 Workforce Investment Act of 1998 (29 U.S.C.
2 9201 et seq.)); and

3 (B) eligible entities described in subpara-
4 graphs (A) through (E) of section 502(a)(3).

5 (6) Implementing other innovative programs,
6 services, and policies designed to—

7 (A) increase postsecondary degree, certifi-
8 cate, and industry-recognized credential comple-
9 tion rates, particularly with respect to groups
10 underrepresented in higher education, at eligible
11 entities described in subparagraphs (A) through
12 (E) of section 502(a)(3); and

13 (B) increase the provision of training for
14 students, including students who are veterans
15 or members of the National Guard or Reserves,
16 to enter skilled occupations in high-demand in-
17 dustries.

18 (7) Creating, in a timely and efficient manner,
19 degree, certificate, and industry-recognized creden-
20 tial programs at eligible entities described in sub-
21 paragraphs (A) through (E) of section 502(a)(3)
22 that—

23 (A) reflect and respond to regional labor
24 market developments and trends;

1 (B) effectively address the workforce needs
2 of employers in the State; and

3 (C) are designed in consultation with such
4 employers.

5 (8) Providing information technology training
6 for students and members of the public seeking to
7 improve their computer literacy and information
8 technology skills through public accessibility to—

9 (A) community college computer labs; and

10 (B) information technology training pro-
11 vided on weeknights and weekends by an em-
12 ployee of a community college who is capable of
13 basic computer instruction.

14 (9) Expanding, enhancing, or creating academic
15 programs or training programs that focus on pre-
16 paring students for skilled occupations in energy-re-
17 lated fields, which may be carried out in partnership
18 with employers and may include other relevant part-
19 ners, that provide relevant job-skill training (includ-
20 ing apprenticeships and worksite learning and train-
21 ing opportunities) for skilled occupations in high-de-
22 mand industries.

23 (10) Expanding, enhancing, or creating aca-
24 demic programs or training programs that prepare
25 students for occupations critical to serving veterans,

1 including occupations within the Department of Vet-
2 erans Affairs health care system.

3 (g) BENCHMARKS.—

4 (1) IN GENERAL.—Each eligible entity receiving
5 a grant under this section shall develop quantifiable
6 benchmarks on the following indicators (where appli-
7 cable to the institution’s use of funds provided under
8 this section), to be approved by the Secretary:

9 (A) Closing gaps in enrollment and com-
10 pletion rates for—

11 (i) groups underrepresented in higher
12 education; and

13 (ii) groups of students enrolled at the
14 eligible entity (or at an institution of high-
15 er education under the jurisdiction of the
16 eligible entity, in the case of an entity that
17 is not an institution) who have the lowest
18 enrollment and completion rates.

19 (B) Addressing local and regional work-
20 force needs.

21 (C) Establishing articulation agreements
22 between two-year and four-year public institu-
23 tions of higher education within a State.

1 (D) Improving comprehensive employment
2 and educational outcomes for postsecondary
3 education and training programs, including—

4 (i) student persistence from one aca-
5 demic year to the following academic year;

6 (ii) the number of credits students
7 earn toward a certificate or an associate's
8 degree;

9 (iii) the number of students in devel-
10 opmental education courses who subse-
11 quently enroll in credit bearing coursework;

12 (iv) transfer of general education
13 credits, including education credits earned
14 while serving in the Armed Forces, be-
15 tween institutions of higher education, as
16 applicable;

17 (v) completion of industry-recognized
18 credentials or associate's degrees to work
19 in skilled occupations in high-demand in-
20 dustries;

21 (vi) transfers to four-year institutions
22 of higher education; and

23 (vii) job placement related to skills
24 training or associate's degree completion.

1 (2) REPORT.—The eligible entity receiving such
2 a grant shall annually measure and report to the
3 Secretary the progress of the entity in achieving the
4 benchmarks developed pursuant to paragraph (1).

5 (h) PROVISION OF TRANSFER OF CREDIT INFORMA-
6 TION IN COMMUNITY COLLEGE COURSE SCHEDULES.—
7 To the maximum extent practicable, each community col-
8 lege receiving a grant under this section shall include in
9 each electronic and printed publication of the college’s
10 course schedule, in a manner of the college’s choosing, for
11 each course listed in the college’s course schedule, whether
12 such course is transferable for credit toward the comple-
13 tion of a 4-year baccalaureate degree at a public institu-
14 tion of higher education in the State in which the college
15 is located.

16 (i) EVALUATION.—The Secretary shall allocate not
17 more than two percent of the funds appropriated under
18 section 501(b)(1) to the Institute of Education Sciences
19 to conduct evaluations, ending not later than January 30,
20 2014, that—

21 (1) assess the effectiveness of the grant pro-
22 grams carried out by each eligible entity receiving
23 such a grant in—

1 (A) improving postsecondary education
2 completion rates (disaggregated by age, race,
3 ethnicity, sex, income, and disability);

4 (B) improving employment-related out-
5 comes for students served by such programs;

6 (C) serving high-need populations; and

7 (D) building or enhancing working part-
8 nerships with the State public employment serv-
9 ice or State or local workforce investment
10 boards; and

11 (2) include any other information or assess-
12 ments the Secretary may require.

13 (j) REPORT.—The Secretary shall submit to the
14 Committee on Health, Education, Labor, and Pensions of
15 the Senate and the Committee on Education and Labor
16 of the House of Representatives an annual report on
17 grants awarded under this section, including—

18 (1) the amount awarded to each eligible entity
19 under this section;

20 (2) a description of the activities conducted by
21 each eligible entity receiving a grant under this sec-
22 tion; and

23 (3) a summary of the results of the evaluations
24 submitted to the Secretary under subsection (i) and

1 the progress each eligible entity made toward achiev-
2 ing the benchmarks developed under subsection (g).

3 **SEC. 504. GRANTS TO ELIGIBLE STATES FOR COMMUNITY**
4 **COLLEGE PROGRAMS.**

5 (a) PROGRAM AUTHORIZATION.—From the amount
6 appropriated to carry out this section, the Secretary, in
7 coordination with the Secretary of Labor, shall award
8 grants to eligible States, on a competitive basis, to imple-
9 ment the systematic reform of community colleges located
10 in the State by carrying out programs, services, and poli-
11 cies that demonstrated effectiveness under the evaluation
12 described in section 503(i).

13 (b) ELIGIBLE STATE.—In this section, the term “eli-
14 gible State” means a State that demonstrates to the Sec-
15 retary in the application submitted pursuant to subsection
16 (f) that the State—

17 (1) has a plan under section 782 of the Higher
18 Education Act of 1965 to increase the State’s rate
19 of persistence in and completion of postsecondary
20 education that takes into consideration and involves
21 community colleges located in such State;

22 (2) has a statewide longitudinal data system
23 that includes data with respect to community col-
24 leges;

1 (3) has an articulation agreement pursuant to
2 section 486A of the Higher Education Act of 1965
3 (20 U.S.C. 1093a);

4 (4) is in compliance with section 137 of such
5 Act (20 U.S.C. 1015f); and

6 (5) meets any other requirements the Secretary
7 may require.

8 (c) GRANT DURATION; RENEWAL.—A grant awarded
9 under this section shall be awarded to an eligible State
10 for a 6-year period, except that if the Secretary determines
11 that the eligible State has not made demonstrable progress
12 in achieving the benchmarks developed pursuant to sub-
13 section (h) by the end of the third year of the grant period,
14 no further grant funds shall be made available to the en-
15 tity after the date of such determination.

16 (d) PRIORITY.—In awarding grants under this sec-
17 tion, the Secretary shall give priority to applications fo-
18 cused on serving low-income, nontraditional students (as
19 defined in section 803(j) of the Higher Education Act of
20 1965 (20 U.S.C. 1161c(j))), students who are dislocated
21 workers, or students who are veterans, who do not have
22 a bachelor's degree.

23 (e) FEDERAL AND NON-FEDERAL SHARE; SUPPLE-
24 MENT, NOT SUPPLANT.—

1 (1) FEDERAL SHARE.—The amount of the Fed-
2 eral share under this section for a fiscal year shall
3 be not greater than $\frac{1}{2}$ of the costs of the reform de-
4 scribed in subsection (g) that is carried out with the
5 grant.

6 (2) NON-FEDERAL SHARE.—

7 (A) IN GENERAL.—The amount of the
8 Non-Federal share under this section for a fis-
9 cal year shall be not less than $\frac{1}{2}$ of the costs
10 of the reform described in subsection (g) that is
11 carried out with the grant. The non-Federal
12 share may be in cash or in kind, and may be
13 provided from State resources, local resources,
14 contributions from private organizations, or a
15 combination thereof.

16 (B) FINANCIAL HARDSHIP WAIVER.—The
17 Secretary may waive or reduce the non-Federal
18 share of an eligible State that has submitted an
19 application under this section if the State dem-
20 onstrates a need for such waiver or reduction
21 due to extreme financial hardship, as defined by
22 the Secretary by regulation.

23 (3) SUPPLEMENT, NOT SUPPLANT.—The Fed-
24 eral and non-Federal share required by this section
25 shall be used to supplement, and not supplant, State

1 and private resources that would otherwise be ex-
2 pended to carry out the systematic reform of com-
3 munity colleges in a State.

4 (f) APPLICATION.—An eligible State desiring to re-
5 ceive a grant under this section shall submit to the Sec-
6 retary an application at such time, in such manner, and
7 containing such information as the Secretary may require.
8 Such application shall describe the programs, service, and
9 policies to be used by the State to achieve the systematic
10 reform described in subsection (g), including—

11 (1) the goals of such programs, services, and
12 policies;

13 (2) how the State will allocate grant funds to
14 carry out such programs, services, and policies, in-
15 cluding identifying any State or private entity that
16 will administer such programs, services, and policies;

17 (3) how such programs, services, and policies
18 will enable the State to—

19 (A) meet the benchmarks developed pursu-
20 ant to subsection (h), and how the State will
21 track and report the State's progress in reach-
22 ing such benchmarks; and

23 (B) benefit students attending all commu-
24 nity colleges within the State;

1 (4) how the State will use such programs, serv-
2 ices, and policies to establish quantifiable targets for
3 improving graduation rates and employment-related
4 outcomes;

5 (5) how the State will serve high-need popu-
6 lations through such programs, services, and poli-
7 cies;

8 (6) how the State will partner with the State
9 public employment service and State or local work-
10 force investment boards in carrying out such pro-
11 grams, services, and policies;

12 (7) how the State will evaluate such programs,
13 services, and policies, which may include participa-
14 tion in national evaluations; and

15 (8) how the State will involve community col-
16 leges and community college faculty in the planning,
17 implementation, and evaluation of such programs,
18 services, and policies.

19 (g) USES OF FUNDS.—An eligible State receiving a
20 grant under this section shall use the grant funds to im-
21 plement the systematic reform of community colleges lo-
22 cated in the State by carrying out programs, services, and
23 policies that the Secretary has determined to have dem-
24 onstrated effectiveness based on the results of the evalua-
25 tion described in section 503(i). States shall allocate not

1 less than 90 percent of such grant funds to community
2 colleges within the State.

3 (h) BENCHMARKS.—

4 (1) IN GENERAL.—Each eligible State receiving
5 a grant under this section shall, in consultation with
6 the Secretary, develop quantifiable benchmarks on
7 the indicators identified in section 503(g)(1).

8 (2) PROGRESS.—An eligible State receiving
9 such a grant shall annually measure and report to
10 the Secretary progress in achieving the benchmarks
11 developed pursuant to paragraph (1).

12 (i) REPORT.—

13 (1) REPORTS TO THE SECRETARY.—Each eligi-
14 ble State receiving a grant under this section shall
15 annually submit to the Secretary and the Secretary
16 of Labor a report on such grant, including—

17 (A) a description of the systematic reform
18 carried out by the State using such grant; and

19 (B) the outcome of such reform, including
20 the State's progress in achieving the bench-
21 marks developed under subsection (h).

22 (2) REPORTS TO CONGRESS.—Not later than 6
23 months after the end of the grant period, the Sec-
24 retary shall submit to the Committee on Health,
25 Education, Labor, and Pensions of the Senate and

1 the Committee on Education and Labor of the
2 House of Representatives a summary of the reports
3 submitted under paragraph (1) with respect to such
4 grant period.

5 (j) SENSE OF CONGRESS.—It is the sense of Con-
6 gress that—

7 (1) community colleges play an important role
8 in preparing and training students seeking to enter
9 the workforce;

10 (2) it is vital that all States have access to the
11 resources and assistance needed to compete for
12 grants authorized under this section; and

13 (3) in executing the grant program authorized
14 under this section, the Secretary should make avail-
15 able any and all assistance, guidance, and support to
16 States seeking to compete for grants authorized
17 under this section and should work to ensure that
18 such grants are distributed in a fair and equitable
19 manner.

20 **SEC. 505. NATIONAL ACTIVITIES.**

21 (a) OPEN ONLINE EDUCATION.—From the amount
22 appropriated to carry out this section, the Secretary is au-
23 thorized to make competitive grants to, or enter into con-
24 tracts with, institutions of higher education, philanthropic
25 organizations, and other appropriate entities to develop,

1 evaluate, and disseminate freely-available high-quality on-
2 line courses, including instructional materials, for training
3 and postsecondary education readiness and success. Enti-
4 ties receiving funds under this subsection shall ensure that
5 electronic and information technology activities meet the
6 access standards established under section 508 of the Re-
7 habilitation Act of 1973 (29 U.S.C. 794d).

8 (b) LEARNING AND EARNING RESEARCH CENTER.—

9 (1) IN GENERAL.—From the amount appro-
10 priated to carry out this section, the Director of the
11 Institute of Education Sciences is authorized to
12 award a grant to, or enter into a contract with, an
13 organization with demonstrated expertise in the re-
14 search and evaluation of community colleges to es-
15 tablish and operate the Learning and Earning Re-
16 search Center (in this section referred to as the
17 “Center”).

18 (2) GRANT TERM.—The grant or contract
19 awarded under this section shall be awarded for a
20 period of not more than 4 years.

21 (3) BOARD.—The Center shall have an inde-
22 pendent advisory board of 9 individuals who—

23 (A) are appointed by the Secretary, based
24 on recommendations from the organization re-

1 ceiving the grant or contract under this section;
2 and

3 (B) who have demonstrated expertise in—

4 (i) data collection;

5 (ii) data analysis; and

6 (iii) econometrics, postsecondary edu-
7 cation, and workforce development re-
8 search.

9 (4) CENTER ACTIVITIES.—The Center shall—

10 (A) develop—

11 (i) peer-reviewed metrics to help con-
12 sumers make sound education and training
13 choices, and to help students, faculty,
14 workers, schools, businesses, researchers,
15 and policymakers assess the effectiveness
16 of community colleges, and courses of
17 study at such colleges, in meeting edu-
18 cation and employment objectives and serv-
19 ing groups that are underrepresented in
20 postsecondary education;

21 (ii) common metrics and data ele-
22 ments to measure the education and em-
23 ployment outcomes of students attending
24 community colleges;

1 (B) coordinate with the Institute of Edu-
2 cation Sciences and States receiving a grant
3 under subsection (c) to develop—

4 (i) standardized data elements, defini-
5 tions, and data-sharing protocols to make
6 it possible for data systems related to post-
7 secondary education to be linked and inter-
8 operable, and for best practices to be
9 shared among States;

10 (ii) standards and processes for facili-
11 tating sharing of data in a manner that
12 safeguards student privacy;

13 (C) develop and make widely available ma-
14 terials analyzing best practices and research on
15 successful postsecondary education and training
16 efforts;

17 (D) make the data and metrics developed
18 pursuant to subparagraph (A) available to the
19 public in a transparent, user-friendly format
20 that is accessible to individuals with disabilities;
21 and

22 (E) consult with representatives from
23 States with respect to the activities of the Cen-
24 ter.

25 (c) STATE SYSTEMS.—

1 (1) IN GENERAL.—From the amount appro-
2 priated to carry out this section, the Secretary is au-
3 thorized to award grants to States or consortia of
4 States to establish cooperative agreements to de-
5 velop, implement, and expand interoperable state-
6 wide longitudinal data systems that—

7 (A) collect, maintain, disaggregate (by in-
8 stitution, income, race, ethnicity, sex, disability,
9 and age), and analyze student data from com-
10 munity colleges, including data on the programs
11 of study and education and employment out-
12 comes for particular students, tracked over
13 time; and

14 (B) can be linked to other data systems, as
15 applicable, including elementary and secondary
16 education and workforce data systems.

17 (2) SUPPLEMENT, NOT SUPPLANT.—Funds ap-
18 propriated to carry out this subsection shall be used
19 to supplement, and not supplant, other Federal and
20 State resources that would otherwise be expended to
21 carry out statewide longitudinal data systems, in-
22 cluding funding appropriated for State Longitudinal
23 Data Systems in the American Recovery and Rein-
24 vestment Act of 2009 (Public Law 111–5; 123 Stat.
25 115).

1 (3) PRIVACY AND ACCESS TO DATA.—

2 (A) IN GENERAL.—Each State or consortia
3 that receives a grant under this subsection or
4 any other provision of this Act shall implement
5 measures to—

6 (i) ensure that the statewide longitu-
7 dinal data system under this subsection
8 and any other data system the State or
9 consortia is operating for the purposes of
10 this Act meet the requirements of section
11 444 of the General Education Provisions
12 Act (20 U.S.C. 1232g) (commonly known
13 as the “Family Educational Rights and
14 Privacy Act of 1974”);

15 (ii) limit the use of information in any
16 such data system by governmental agencies
17 in the State, including State agencies,
18 State educational authorities, local edu-
19 cational agencies, community colleges, and
20 institutions of higher education, to edu-
21 cation and workforce related activities
22 under this Act or education and workforce
23 related activities otherwise permitted by
24 Federal or State law;

1 (iii) prohibit the disclosure of person-
2 ally identifiable information except as per-
3 mitted under section 444 of the General
4 Education Provisions Act and any addi-
5 tional limitations set forth in State law;

6 (iv) keep an accurate accounting of
7 the date, nature, and purpose of each dis-
8 closure of personally identifiable informa-
9 tion in any such data system, a description
10 of the information disclosed, and the name
11 and address of the person, agency, institu-
12 tion, or entity to whom the disclosure is
13 made, which accounting shall be made
14 available on request to parents of any stu-
15 dent whose information has been disclosed;

16 (v) notwithstanding section 444 of the
17 General Education Provisions Act, require
18 any non-governmental party obtaining per-
19 sonally identifiable information to sign a
20 data use agreement prior to disclosure
21 that—

22 (I) prohibits the party from fur-
23 ther disclosing the information;

24 (II) prohibits the party from
25 using the information for any purpose

1 other than the purpose specified in
2 the agreement; and

3 (III) requires the party to de-
4 stroy the information when the pur-
5 pose for which the disclosure was
6 made is accomplished;

7 (vi) maintain adequate security meas-
8 ures to ensure the confidentiality and in-
9 tegrity of any such data system, such as
10 protecting a student record from identifica-
11 tion by a unique identifier;

12 (vii) where rights are provided to par-
13 ents under this clause, provide those rights
14 to the student instead of the parent if the
15 student has reached the age of 18 or is en-
16 rolled in a postsecondary educational insti-
17 tution; and

18 (viii) ensure adequate enforcement of
19 the requirements of this paragraph.

20 (B) USE OF UNIQUE IDENTIFIERS.—It
21 shall be unlawful for any Federal, State, or
22 local governmental agency to—

23 (i) use the unique identifiers employed
24 in such data systems for any purpose other

1 than as authorized by Federal or State
2 law; or

3 (ii) deny any individual any right,
4 benefit, or privilege provided by law be-
5 cause of such individual's refusal to dis-
6 close the individual's unique identifier.

7 (d) EVALUATION.—From the amounts appropriated
8 to carry out this section, the Secretary shall, not later
9 than 30 days after the date of the enactment of this Act,
10 allocate not less than \$1,000,000 for the contract with,
11 and report by, the National Research Council required
12 under section 1107(c)(2) of the Higher Education Oppor-
13 tunity Act (Public Law 110–315).

14 (e) MODEL TO DETERMINE CREDIT TRANSFER-
15 ABILITY.—From the amounts appropriated to carry out
16 this section, the Secretary may develop a model, which
17 leverages existing technologies if appropriate, of a service
18 that enables students to determine the transferability of
19 credits between institutions of higher education voluntarily
20 participating in such service.

21 (f) REPORT.—The Secretary shall submit to the
22 Committee on Health, Education, Labor, and Pensions of
23 the Senate and the Committee on Education and Labor
24 of the House of Representatives an annual report on the
25 amounts awarded to entities receiving grants or contracts

1 under this section, and the activities carried out by such
2 entities under such grants and contracts.

3 **TITLE VI—DEFUND ACORN ACT**

4 **SEC. 601. SHORT TITLE.**

5 This title may be cited as the “Defund ACORN Act”.

6 **SEC. 602. PROHIBITIONS ON FEDERAL FUNDS AND OTHER** 7 **ACTIVITIES WITH RESPECT TO CERTAIN IN-** 8 **DICTED ORGANIZATIONS.**

9 (a) PROHIBITIONS.—With respect to any covered or-
10 ganization, the following prohibitions apply:

11 (1) No Federal contract, grant, cooperative
12 agreement, or any other form of agreement (includ-
13 ing a memorandum of understanding) may be
14 awarded to or entered into with the organization.

15 (2) No Federal funds in any other form may be
16 provided to the organization.

17 (3) No Federal employee or contractor may
18 promote in any way (including recommending to a
19 person or referring to a person for any purpose) the
20 organization.

21 (b) COVERED ORGANIZATION.—In this section, the
22 term “covered organization” means any of the following:

23 (1) Any organization that has been indicted for
24 a violation under any Federal or State law governing
25 the financing of a campaign for election for public

1 office or any law governing the administration of an
2 election for public office, including a law relating to
3 voter registration.

4 (2) Any organization that had its State cor-
5 porate charter terminated due to its failure to com-
6 ply with Federal or State lobbying disclosure re-
7 quirements.

8 (3) Any organization that has filed a fraudulent
9 form with any Federal or State regulatory agency.

10 (4) Any organization that—

11 (A) employs any applicable individual, in a
12 permanent or temporary capacity;

13 (B) has under contract or retains any ap-
14 plicable individual; or

15 (C) has any applicable individual acting on
16 the organization’s behalf or with the express or
17 apparent authority of the organization.

18 (c) ADDITIONAL DEFINITIONS.—In this section:

19 (1) The term “organization” includes the Asso-
20 ciation of Community Organizations for Reform
21 Now (in this subsection referred to as “ACORN”)
22 and any ACORN-related affiliate.

23 (2) The term “ACORN-related affiliate” means
24 any of the following:

1 (A) Any State chapter of ACORN reg-
2 istered with the Secretary of State's office in
3 that State.

4 (B) Any organization that shares directors,
5 employees, or independent contractors with
6 ACORN.

7 (C) Any organization that has a financial
8 stake in ACORN.

9 (D) Any organization whose finances,
10 whether federally funded, donor-funded, or
11 raised through organizational goods and serv-
12 ices, are shared or controlled by ACORN.

13 (3) The term "applicable individual" means an
14 individual who has been indicted for a violation
15 under Federal or State law relating to an election
16 for Federal or State office.

17 (d) REVISION OF FEDERAL ACQUISITION REGULA-
18 TION.—The Federal Acquisition Regulation shall be re-
19 vised to carry out the provisions of this title relating to
20 contracts.

Passed the House of Representatives September 17,
2009.

Attest:

Clerk.

111TH CONGRESS
1ST SESSION

H. R. 3221

AN ACT

To amend the Higher Education Act of 1965, and
for other purposes.