

(b) *HIGHER EDUCATION AMENDMENTS OF 1992.*—The following provisions of the Higher Education Amendments of 1992 (Public Law 102–325; 106 Stat 448) are repealed:

(1) Parts E, F, and G of title XIII of the Higher Education Amendments of 1992 (25 U.S.C. 3332 et seq., 3351 et seq., 3371) are repealed.

(2) Title XIV.

(3) Title XV.

#### PART H—MISCELLANEOUS

##### SEC. 791. YEAR 2000 COMPUTER PROBLEM.

(a) *SENSE OF CONGRESS.*—With the year 2000 fast approaching, it is the sense of Congress that the Department of Education should—

(1) assess immediately the extent of the risk to the operations of the student financial aid system posed by the year 2000 computer problem;

(2) give the highest priority to correcting all 2-digit date-related problems in the Department's computer systems to ensure that those systems continue to operate effectively in the year 2000 and beyond; and

(3) develop contingency plans, with respect to the year 2000 computer problem, for those computer systems that the Department is unable to correct in time.

(b) *REPORT REQUIRED.*—Not later than March 1, 1999, the Secretary of Education shall provide a report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives describing the compliance status of all mission critical systems at the Department, and contingency plans for those computer systems in the Department that the Department will be unable to correct in time, with respect to the year 2000 computer problem.

#### MODIFICATION TO COMMITTEE SUBSTITUTE

The PRESIDING OFFICER. Under the previous order, the manager is recognized to modify the bill.

Mr. JEFFORDS. Mr. President, under the order, I send a modification of the committee-reported substitute to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The modification is as follows:

On page 339, after line 24, insert the following:

##### SEC. 104. GRANTS AND RECOGNITION AWARDS.

Section 110 (as redesignated by section 101(a)(6)) (20 U.S.C. 1145g) is amended by adding at the end the following:

“(e) **ALCOHOL AND DRUG ABUSE PREVENTION GRANTS.**—

“(1) **PROGRAM AUTHORITY.**—The Secretary may make grants to institutions of higher education or consortia of such institutions, and enter into contracts with such institutions, consortia, and other organizations, to develop, implement, operate, improve, and disseminate programs of prevention, and education (including treatment-referral) to reduce and eliminate the illegal use of drugs and alcohol and the violence associated with such use. Such grants or contracts may also be used for the support of a higher education center for alcohol and drug abuse prevention that will provide training, technical assistance, evaluation, dissemination, and associated services and assistance to the higher education community as determined by the Secretary and institutions of higher education.

“(2) **AWARDS.**—Grants and contracts shall be awarded under paragraph (1) on a competitive basis.

“(3) **APPLICATIONS.**—An institution of higher education, a consortium of such institutions, or another organization that desires to receive a grant or contract under paragraph

(1) shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require by regulation.

“(4) **ADDITIONAL REQUIREMENTS.**—

“(A) **PARTICIPATION.**—In awarding grants under this subsection the Secretary shall make every effort to ensure—

“(i) the equitable participation of private and public institutions of higher education (including community and junior colleges); and

“(ii) the equitable geographic participation of such institutions.

“(B) **CONSIDERATION.**—In awarding grants and contracts under this subsection the Secretary shall give appropriate consideration to institutions of higher education with limited enrollment.

“(5) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this subsection \$5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

“(f) **NATIONAL RECOGNITION AWARDS.**—

“(1) **PURPOSE.**—It is the purpose of this subsection to provide models of innovative and effective alcohol prevention programs in higher education and to focus national attention on exemplary alcohol prevention efforts.

“(2) **AWARDS.**—

“(A) **IN GENERAL.**—The Secretary shall make 10 National Recognition Awards, on an annual basis, to institutions of higher education that—

“(i) have developed and implemented innovative and effective alcohol prevention programs; and

“(ii) demonstrate in the application submitted under paragraph (3) that the institution has undertaken efforts designed to change the culture of college drinking consistent with the objectives described in paragraph (4)(B).

“(B) **CEREMONY.**—The awards shall be made at a ceremony in Washington, D.C.

“(C) **DOCUMENT.**—The Secretary shall publish a document describing the alcohol prevention programs of institutions of higher education that receive the awards under this subsection and disseminate the document nationally to all public and private secondary school guidance counselors for use by secondary school juniors and seniors preparing to enter an institution of higher education. The document shall be disseminated not later than January 1 of each academic year.

“(D) **AMOUNT AND USE.**—Each institution of higher education selected to receive an award under this subsection shall receive an award in the amount of \$50,000. Such award shall be used for the maintenance and improvement of the institution's alcohol prevention program for the academic year following the academic year for which the award is made.

“(3) **APPLICATION.**—

“(A) **IN GENERAL.**—Each institution of higher education desiring an award under this subsection shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall contain—

“(i) a clear description of the goals and objectives of the alcohol program of the institution;

“(ii) a description of program activities that focus on alcohol policy issues, policy development, modification, or refinement, policy dissemination and implementation, and policy enforcement;

“(iii) a description of activities that encourage student and employee participation

and involvement in activity development and implementation;

“(iv) the objective criteria used to determine the effectiveness of the methods used in the program and the means used to evaluate and improve the program efforts; and

“(v) a description of the activities to be assisted that meet the criteria described in subparagraph (C).

“(B) **APPLICATION REVIEW.**—The Secretary shall appoint a committee to review applications submitted under this paragraph. The committee may include representatives of Federal departments or agencies the programs of which include alcohol abuse prevention and education efforts, directors or heads (or their representatives) of professional associations that focus on alcohol abuse prevention efforts, and non-Federal scientists who have backgrounds in social science evaluation and research methodology and in education. Decisions of the committee shall be made directly to the Secretary without review by any other entity in the Department.

“(C) **REVIEW CRITERIA.**—The committee described in subparagraph (B) shall develop specific review criteria for reviewing and evaluating applications submitted under this paragraph. Such criteria shall include whether the institution of higher education has policies in effect that—

“(i) prohibit alcoholic beverage sponsorship of athletic events, and prohibit alcoholic beverage advertising inside athletic facilities;

“(ii) prohibit alcoholic beverage marketing on campus, which may include efforts to ban alcohol advertising in institutional publications or efforts to prohibit alcohol-related advertisements at campus events;

“(iii) establish or expand upon alcohol-free living arrangements for all college students;

“(iv) establish partnerships with community members and organizations to further alcohol prevention efforts on campus and the areas surrounding campus; and

“(v) establish innovative communications programs involving students and faculty in an effort to educate students about alcohol-related risks.

“(4) **ELIGIBILITY.**—

“(A) **IN GENERAL.**—In order to be eligible to receive a National Recognition Award an institution of higher education shall—

“(i) offer an associate or baccalaureate degree;

“(ii) have established an alcohol abuse prevention and education program;

“(iii) nominate itself or be nominated by others, such as professional associations or student organizations, to receive the award; and

“(iv) not have received an award under this subsection during the 5 academic years preceding the academic year for which the determination is made.

“(B) **OBJECTIVES.**—In order to receive a National Recognition Award an institution shall demonstrate in the application submitted under paragraph (3) that the institution has accomplished all of the following objectives:

“(i) The elimination of alcoholic beverage sponsorship of athletic events, and the elimination of alcoholic beverage advertising inside athletic facilities.

“(ii) The elimination of alcoholic beverage marketing on campus that may include efforts to ban alcohol advertising in institutional publications or prohibit alcohol-related advertisements at campus events.

“(iii) The establishment or expansion of alcohol-free living arrangements for all college students.

“(iv) The establishment of partnerships with community members and organizations to further alcohol prevention efforts on campus and the surrounding areas.

“(v) The establishment of innovative communications programs involving students and faculty in an effort to educate students about alcohol-related risks.

“(5) AUTHORIZATION OF APPROPRIATIONS.—

“(A) IN GENERAL.—There is authorized to be appropriated to carry out this subsection \$750,000 for fiscal year 1999.

“(B) AVAILABILITY.—Funds appropriated under subparagraph (A) shall remain available until expended.”.

On page 343, line 16, strike the end quotation marks and the second period.

On page 343, between lines 16 and 17, insert the following:

**“SEC. 113. STUDENT-RELATED DEBT STUDY REQUIRED.”**

“(a) IN GENERAL.—The Secretary shall conduct a study that analyzes the distribution and increase in student-related debt in terms of—

“(1) demographic characteristics, such as race or ethnicity, and family income;

“(2) type of institution and whether the institution is a public or private institution;

“(3) loan source, such as Federal, State, institutional or other, and, if the loan source is Federal, whether the loan is or is not subsidized;

“(4) academic field of study;

“(5) parent loans, and whether the parent loans are federally guaranteed, private, or property-secured such as home equity loans; and

“(6) relation of student debt or anticipated debt to—

“(A) students’ decisions about whether and where to enroll in college and whether or how much to borrow in order to attend college;

“(B) the length of time it takes students to earn baccalaureate degrees;

“(C) students’ decisions about whether and where to attend graduate school;

“(D) graduates’ employment decisions;

“(E) graduates’ burden of repayment as reflected by the graduates’ ability to save for retirement or invest in a home; and

“(F) students’ future earnings.

“(b) REPORT.—After conclusion of the study required by subsection (a), the Secretary shall submit a final report regarding the findings of the study to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 18 months after the date of enactment of the Higher Education Amendments of 1998.

“(c) INFORMATION.—After the study and report under this section are concluded, the Secretary shall determine which information described in subsection (a) would be useful for families to know and shall include such information as part of the comparative information provided to families about the costs of higher education under the provisions of section 486(a)(1).

**“SEC. 114. STUDY OF FORECLOSED PROPERTY OR ASSETS.”**

“Not later than 90 days after the date of enactment of the Higher Education Amendments of 1998, the Comptroller General, in consultation with the Inspector General of the Department, shall submit a report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives that provides the following:

“(1) Descriptions of legislative changes that can be made to strengthen laws governing the transfer of foreclosed property or assets by the Department to individuals or their agents that have had prior dealings with the Department. Such descriptions shall address the transfer of property to individuals or their agents who have been in po-

sitions of management or oversight at postsecondary educational institutions that have failed, or are failing, to make payments to the Department on property loans, or defaulted on any property or asset loan from a Federal agency.

“(2) Changes that can be implemented at the Department to strengthen all rules and regulations governing the transfer of foreclosed property or assets by the Department to individuals or their agents as described in paragraph (1).

**“SEC. 115. STATE REQUIREMENT.”**

“(a) IN GENERAL.—Except as provided in subsection (b), each State, that has individuals who reside in the State and who receive financial assistance under this Act, shall provide an appropriate number of mail voter registration forms (as described in section 6(a) of the National Voter Registration Act (42 U.S.C. 1973gg-4(a))) to each eligible institution under section 487 in the State, not later than 60 days before each date that is the last day to register to vote for a regularly scheduled—

“(1) election (as defined in section 301(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(1)); or

“(2) election for Governor or other chief executive within such State.

“(b) NONAPPLICABILITY TO CERTAIN STATES.—The requirement of subsection (a) shall not apply to a State which is described in section 4(b) of the National Voter Registration Act (42 U.S.C. 1973gg-2(b)).

**“SEC. 116. STUDY OF OPPORTUNITIES FOR PARTICIPATION IN ATHLETICS PROGRAMS.”**

“(a) STUDY.—The Comptroller General shall conduct a study of the opportunities for participation in intercollegiate athletics. The study shall address issues including—

“(1) the extent to which the number of—

“(A) secondary school athletic teams has increased or decreased in the 20 years preceding 1998 (in aggregate terms); and

“(B) intercollegiate athletic teams has increased or decreased in the 20 years preceding 1998 (in aggregate terms) at 2-year and 4-year institutions of higher education;

“(2) the extent to which participation by student-athletes in secondary school and intercollegiate athletics has increased or decreased in the 20 years preceding 1998 (in aggregate terms);

“(3) over the 20-year period preceding 1998, a list of the men’s and women’s secondary school and intercollegiate sports, ranked in order of the sports most affected by increases or decreases in levels of participation and numbers of teams (in the aggregate);

“(4) all factors that have influenced campus officials to add or discontinue sports teams at secondary schools and institutions of higher education, including—

“(A) institutional mission and priorities;

“(B) budgetary pressures;

“(C) institutional reforms and restructuring;

“(D) escalating liability insurance premiums;

“(E) changing student and community interest in a sport;

“(F) advancement of diversity among students;

“(G) lack of necessary level of competitiveness of the sports program;

“(H) club level sport achieving a level of competitiveness to make the sport a viable varsity level sport;

“(I) injuries or deaths; and

“(J) conference realignment;

“(5) the actions that institutions of higher education have taken when decreasing the level of participation in intercollegiate sports, or the number of teams, in terms of providing information, advice, scholarship

maintenance, counseling, advance warning, and an opportunity for student-athletes to be involved in the decisionmaking process;

“(6) the administrative processes and procedures used by institutions of higher education when determining whether to increase or decrease intercollegiate athletic teams or participation by student-athletes;

“(7) the budgetary or fiscal impact, if any, of a decision by an institution of higher education—

“(A) to increase or decrease the number of intercollegiate athletic teams or the participation of student-athletes; or

“(B) to be involved in a conference realignment; and

“(8) the alternatives, if any, institutions of higher education have pursued in lieu of eliminating, or severely reducing the funding for, an intercollegiate sport, and the success of such alternatives.

“(b) REPORT.—The Comptroller General shall submit a report regarding the results of the study to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives.

**“SEC. 117. SPECIAL RULE.”**

“Notwithstanding any other provision of law, the sum of financial assistance received under this Act and other Federal financial assistance for postsecondary education received by an individual shall not exceed the individual’s cost of attendance as defined in section 472, except that no individual shall have the amount of a Federal Pell Grant for which the individual is eligible reduced as a result of the application of this section.”.

On page 365, line 8, insert “and in school districts with disproportionately high numbers of limited English proficient students,” after “areas.”.

On page 370, between lines 19 and 20, insert the following:

“(c) CONSTRUCTION.—Nothing in this part shall be construed to prohibit a teacher training partnership from using grant funds to coordinate with the activities of more than 1 Governor, State board of education, or State educational agency.

On page 390, line 20, strike “and”.

On page 390, line 25, strike the period and insert “; or”.

On page 390, after line 25, insert the following:

“(C) applications from partnerships that propose to carry out programs that use innovative means, including technology, to recruit for participation in the activities assisted under the programs students who are Native Hawaiian, Alaska Native, or Native American Pacific Islander.

On page 407, between lines 8 and 9, insert the following:

(d) ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.—Part A of title III (20 U.S.C. 1057 et seq.) is amended by adding at the end the following:

**“SEC. 317. ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.”**

“(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to Alaska Native-serving institutions and Native Hawaiian-serving institutions to enable such institutions to improve and expand their capacity to serve Alaska Natives and Native Hawaiians.

“(b) DEFINITIONS.—For the purpose of this section—

“(1) the term ‘Alaska Native’ has the meaning given the term in section 9308 of the Elementary and Secondary Education Act of 1965;

“(2) the term ‘Alaska Native-serving institution’ means an institution of higher education that—

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

"(B) at the time of application, has an enrollment of undergraduate students that is at least 20 percent Alaska Native students;

"(3) the term 'Native Hawaiian' has the meaning given the term in section 9212 of the Elementary and Secondary Education Act of 1965; and

"(4) the term 'Native Hawaiian-serving institution' means an institution of higher education which—

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

"(B) at the time of application, has an enrollment of undergraduate students that is at least 10 percent Native Hawaiian students.

"(C) AUTHORIZED ACTIVITIES.—

"(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Alaska Native-serving institutions and Native Hawaiian-serving institutions to assist such institutions to plan, develop, undertake, and carry out programs.

"(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—Such programs may include—

"(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

"(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

"(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

"(D) curriculum development and academic instruction;

"(E) purchase of library books, periodicals, microfilm, and other educational materials;

"(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

"(G) joint use of facilities such as laboratories and libraries; and

"(H) academic tutoring and counseling programs and student support services.

"(d) APPLICATION PROCESS.—

"(1) INSTITUTIONAL ELIGIBILITY.—Each Alaska Native-serving institution and Native Hawaiian-serving institution desiring to receive assistance under this section shall submit to the Secretary such enrollment data as may be necessary to demonstrate that it is an Alaska Native-serving institution or a Native Hawaiian-serving institution as defined in subsection (b), along with such other information and data as the Secretary may by regulation require.

"(2) APPLICATIONS.—Any institution which is determined by the Secretary to be an Alaska Native-serving institution or a Native Hawaiian-serving institution may submit an application for assistance under this section to the Secretary. Such application shall include—

"(A) a 5-year plan for improving the assistance provided by the Alaska Native-serving institution or the Native Hawaiian-serving institution to Alaska Native or Native Hawaiian students; and

"(B) such other information and assurance as the Secretary may require.

"(e) SPECIAL RULE.—For the purposes of this section, no Alaska Native-serving institution or Native Hawaiian-serving institution which is eligible for and receives funds under this section may concurrently receive other funds under this part or part B."

On page 408, strike line 10, and insert the following:

(1) in subsection (a)—

(A) in paragraph (2), by striking "\$500,000" and inserting "\$1,000,000"; and

(B) by adding at the end of

On page 408, line 12, strike "\$500,000" and insert "\$1,000,000".

On page 408, line 14, strike "\$500,000" and insert "\$1,000,000".

On page 408, line 17, strike "\$500,000" and insert "\$1,000,000".

On page 408, between lines 17 and 18, insert the following:

(2) in subsection (d)(2), by striking "\$500,000" and inserting "\$1,000,000".

On page 409, line 9, strike "and" after the semicolon.

On page 409, line 13, strike the period and insert a semicolon.

On page 409, between lines 13 and 14, insert the following:

(G) in subparagraph (O), by striking "and" after the semicolon.

(H) in subparagraph (P)—

(i) by inserting "University" after "State"; and

(ii) by striking the period and inserting a semicolon;

(I) by adding at the end the following:

"(Q) Norfolk State University qualified graduate program; and

"(R) Tennessee State University qualified graduate program.";

(4) in subsection (f)—

(A) in paragraph (1), by striking "\$12,000,000" and inserting "\$15,000,000";

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking "\$12,000,000" and inserting "\$15,000,000 but not in excess of \$28,000,000";

(ii) in subparagraph (A), by striking "\$500,000" and inserting "\$1,000,000"; and

(iii) in subparagraph (B)—

(I) by striking "(A) through (P)" and inserting "(Q) and (R)"; and

(II) by striking the period and inserting "; and

(C) by adding at the end the following:

"(3) any amount appropriated in excess of \$28,000,000 shall be available for the purpose of making grants to institutions or programs described in subparagraphs (A) through (R), on a competitive basis and through a peer review process that takes into consideration—

"(A) the ability of the institution to match Federal funds with non-Federal funds;

"(B) the number of students enrolled in the institution or program for which funds are sought;

"(C) the percentage of students enrolled in the institution or program for which funds are sought who are eligible for need-based student aid;

"(D) the percentage of students enrolled in the institution or program for which funds are sought who complete their degrees within a reasonable period of time as determined by the Secretary; and

"(E) the quality of the proposal."; and

(5) by adding at the end the following:

"(g) SPECIAL RULE.—No institution or program described in subsection (e)(1) that received a grant under this section for fiscal year 1998 and that is eligible to receive a grant under this section in a subsequent fiscal year shall receive a grant under this section in any subsequent fiscal year in an amount that is less than the grant amount received for fiscal year 1996 or 1997, whichever is greater, unless—

"(1) the amount appropriated for the subsequent fiscal year is not sufficient to provide grants under this section to all such institutions or programs; or

"(2) the institution or program cannot provide sufficient matching funds to meet the requirements of this section."

On page 411, between lines 20 and 21, insert the following:

(a) MINORITY SCIENCE IMPROVEMENT PROGRAM FINDINGS.—Subpart 1 of part E of title III (as redesignated by paragraphs (6) and (7) of section 301) (20 U.S.C. 1135b et seq.) is amended by inserting after the subpart heading the following:

"SEC. 350. FINDINGS.

"Congress makes the following findings:

"(1) It is incumbent on the Federal Government to support the technological and economic competitiveness of the United States by improving and expanding the scientific and technological capacity of the United States. More and better prepared scientists, engineers, and technical experts are needed to improve and expand such capacity.

"(2) As the Nation's population becomes more diverse, it is important that the educational and training needs of all Americans are met. Underrepresentation of minorities in science and technological fields diminishes our Nation's competitiveness by impairing the quantity of well prepared scientists, engineers, and technical experts in these fields.

"(3) Despite significant limitations in resources, minority institutions provide an important educational opportunity for minority students, particularly in science and engineering fields. Aid to minority institutions is a good way to address the underrepresentation of minorities in science and technological fields.

"(4) There is a strong Federal interest in improving science and engineering programs at minority institutions as such programs lag behind in program offerings and in student enrollment compared to such programs at other institutions of higher education."

On page 411, line 21, insert "(b) DEFINITIONS.—" before "Section 365(4)".

On page 412, line 19, strike "and" after the semicolon.

On page 412, line 26, insert "and" after the semicolon.

On page 412, after line 26, insert the following:

(C) by adding at the end the following:

"(C) There are authorized to be appropriated to carry out section 317, \$5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.";

On page 413, line 23, strike "Title" and insert "Part A of title".

On page 413, strike line 24.

On page 414, line 1, strike "(A)" and insert "(1)".

On page 414, line 4, strike "(B)" and insert "(2)".

On page 414, line 5, strike "; and" and insert a period.

On page 414, strike lines 6 through 11.

On page 418, between lines 10 and 11, insert the following:

"(I) not less than a minimum percentage of the students enrolled in the course complete the course;

On page 418, line 11, strike "such a" and insert "the".

On page 418, line 17, strike "such students" and insert "the students enrolled in the course".

On page 418, line 20, insert "the minimum percentage of students who complete the course of instruction," after "specify".

On page 419, line 20, strike "and".

On page 419, line 23, strike the period and insert "; and".

On page 419, between lines 23 and 24, insert the following:

(4) in subsection (g), by adding at the end the following:

"(4) WAIVER.—The Secretary may waive the service requirements in subparagraph (A) or (B) of paragraph (3) if the Secretary determines the application of the service requirements to a veteran will defeat the purpose of a program under this chapter."

On page 419, line 24, strike "Section" and insert the following:

"(1) AMENDMENT TO SECTION 402B(b)(5).—Section".

On page 420, between lines 2 and 3, insert the following:

(2) AMENDMENT TO SECTION 402B(b)(9).—Section 402B(b)(9) (20 U.S.C. 1070a-12(b)(9)) is

amended by inserting "or counselors" after "teachers".

On page 420, strike lines 6 and 7, and insert the following:

(A) in paragraph (9)—  
(i) by inserting "or counselors" after "teachers"; and

(ii) by striking "and" after the semicolon. On page 421, between lines 13 and 14, insert the following:

(e) STAFF DEVELOPMENT ACTIVITIES.—Section 402G(a) (20 U.S.C. 1070a-17(a)) is amended by inserting "participating in," after "leadership personnel employed in."

On page 423, strike lines 10 through 13, and insert the following:

#### SEC. 414. CONNECTIONS PROGRAM.

Chapter 2 of subpart 2 of part A of title IV (20 U.S.C. 1070a-21 et seq.) is amended to read as follows:

#### "CHAPTER 2—CONNECTIONS PROGRAM

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

"(a) IN GENERAL.—The Secretary is authorized, in accordance with the requirements of this chapter, to establish a program that—

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

"(2) supports eligible entities in providing—

"(A) additional counseling, mentoring, academic support, outreach, and supportive services to elementary, middle, and secondary school students who are at risk of dropping out of school; and

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

"(b) AWARDS.—

"(1) IN GENERAL.—The Secretary may award grants to eligible entities to carry out the program authorized under subsection (a).

"(2) PRIORITY.—In making the awards described in paragraph (1), the Secretary shall—

"(A) give priority to eligible entities that—

"(i) carried out, prior to the date of enactment of the Higher Education Amendments of 1998, successful educational opportunity programs; and

"(ii) have a prior, demonstrated commitment to early intervention leading to college access through collaboration and replication of successful strategies; and

"(B) ensure that students served under this chapter prior to the date of enactment of the Higher Education Amendments of 1998 continue to receive service through the completion of secondary school.

"(c) DEFINITIONS.—For the purposes of this chapter, the term 'eligible entity' means—

"(1) a State; or

"(2) a partnership consisting of—

"(A) 1 or more local educational agencies acting on behalf of—

"(i) 1 or more public schools; and

"(ii) the public secondary schools that students from the schools described in clause (i) would normally attend;

"(B) 1 or more degree granting institutions of higher education; and

"(C) at least 2 community organizations or entities, such as businesses, professional associations, community-based organizations, philanthropic organizations, State agencies, institutions or agencies sponsoring programs authorized under subpart 4, or other public or private agencies or organizations.

"(d) COORDINATION.—Each eligible entity shall ensure that the activities assisted

under this chapter are, to the extent practicable, coordinated with, and complement and enhance—

"(1) services under this chapter provided by other eligible entities serving the same school district or State; and

"(2) related services under other Federal or non-Federal programs.

#### "SEC. 404B. ELIGIBILITY ENTITY PLANS.

"(a) PLAN REQUIRED FOR ELIGIBILITY.—

"(1) IN GENERAL.—In order for an eligible entity to qualify for a grant under this chapter, the eligible entity shall submit to the Secretary a plan for carrying out the program under this chapter. Such plan shall provide for the conduct of both a scholarship component in accordance with section 404D and an early intervention component in accordance with section 404C.

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

"(A) describe the activities for which assistance under this chapter is sought; and

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

"(b) MATCHING REQUIREMENT.—

"(1) IN GENERAL.—The Secretary shall not approve a plan submitted under subsection (a) unless such plan—

"(A) provides that the eligible entity will provide, from State, local, institutional, or private funds, not less than ½ the cost of the program, which matching funds may be provided in cash or in kind;

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

"(C) includes provisions designed to ensure that funds provided under this chapter shall supplement and not supplant funds expended for existing programs.

"(2) SPECIAL RULE.—The Secretary may change the share of the costs required to be provided under paragraph (1)(A) for eligible entities defined in section 402A(c)(2).

"(c) METHODS FOR COMPLYING WITH MATCHING REQUIREMENT.—An eligible entity may count toward the share of the costs required by subsection (b)(1)(A)—

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

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

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

"(d) COHORT APPROACH.—

"(1) IN GENERAL.—The Secretary may require that eligible entities—

"(A) provide services under this chapter to at least 1 grade level of students, beginning not later than 7th grade, in a participating public school that has a 7th grade and in which at least 50 percent of the students enrolled are eligible for free or reduced-price lunch (or, if an eligible entity determines that it would promote the effectiveness of a project, an entire grade level of students, beginning not later than the 7th grade, who reside in public housing as defined in section 3(b)(1) of the United States Housing Act of 1937); and

"(B) ensure that the services are provided through the 12th grade to students in the participating grade level.

"(2) COORDINATION REQUIREMENT.—In order for the Secretary to require the cohort approach described in paragraph (1), the Secretary shall, where applicable, ensure that the cohort approach is done in coordination and collaboration with existing early intervention programs and does not duplicate the services already provided to a school or community.

#### "SEC. 404C. EARLY INTERVENTION.

"(a) SERVICES.—

"(1) In order to receive a grant under this chapter, an eligible entity shall demonstrate to the satisfaction of the Secretary, in the plan submitted under section 404B, that the eligible entity will provide comprehensive mentoring, counseling, outreach, and supportive services to students participating in programs under this chapter who are enrolled in any of the grades preschool through grade 12. Such counseling shall include financial aid counseling that provides—

"(A) information regarding the opportunities for financial assistance under this title; and

"(B) activities or information regarding—

"(i) fostering and improving parent involvement in promoting postsecondary information regarding the advantages of a college education, academic admission requirements, and the need to take college preparation courses;

"(ii) admissions and achievement tests; and

"(iii) application procedures.

"(2) METHODS.—The eligible entity shall demonstrate in such plan, pursuant to regulations of the Secretary, the methods by which the eligible entity will target services on priority students.

"(b) USES OF FUNDS.—

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

"(2) ALLOWABLE PROVIDERS.—For those eligible entities defined in section 404A(c)(1), the activities required by subsection (a) may be provided by service providers such as community-based organizations, schools, institutions of higher education, public and private agencies, nonprofit and philanthropic organizations, businesses, institutions and agencies sponsoring programs authorized under subpart 4 of this part, and other organizations the State deems appropriate.

"(3) PERMISSIBLE ACTIVITIES.—Examples of activities that meet the requirements of subsection (a) include the following:

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

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

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

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

"(C) Activities designed to ensure secondary school completion and college enrollment of at-risk children, including identification of at-risk children, after school and summer tutoring, assistance in obtaining summer jobs, academic counseling, volunteer and parent involvement, providing former or current scholarship recipients as

mentor or peer counselors, skills assessment, providing access to rigorous core courses that reflect challenging academic standards, personal counseling, family counseling and home visits, staff development, and programs and activities described in this subparagraph that are specially designed for students of limited English proficiency.

“(D) Summer programs for individuals planning to attend an institution of higher education in the next academic year that—

“(i) are carried out at an institution of higher education that also has programs of academic year supportive services for disadvantaged students through projects authorized under section 402D or through comparable projects funded by the State or other sources;

“(ii) provide for the participation of the individuals who are eligible for assistance under section 402D or who are eligible for comparable programs funded by the State;

“(iii)(I) provide summer instruction in remedial, developmental or supportive courses;

“(II) provide such summer services as counseling, tutoring, or orientation; and

“(III) provide grant aid to the individuals to cover the individuals’ summer costs for books, supplies, living costs, and personal expenses; and

“(iv) provide the individuals with financial aid during each academic year the individuals are enrolled at the participating institution after the summer program.

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

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

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

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

“(3) for assistance pursuant to part A of title IV of the Social Security Act.

#### “SEC. 404D. SCHOLARSHIP COMPONENT.

“(a) IN GENERAL.—

“(1) STATES.—In order to receive a grant under this chapter, an eligible entity described in section 404A(c)(1) shall establish or maintain a financial assistance program that awards grants to students in accordance with the requirements of this section. The Secretary shall encourage the eligible entity to ensure that the tuition assistance provided pursuant to this section is available to an eligible student for use at any institution of higher education.

“(2) PARTNERSHIPS.—An eligible entity described in section 404A(c)(2) may award scholarships to eligible students.

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

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

“(2) the maximum Federal Pell Grant funded under section 401 for such fiscal year.

“(c) RELATION TO OTHER ASSISTANCE.—Tuition assistance provided under this chapter shall not be considered for the purpose of awarding Federal grant assistance under this title, except that in no case shall the total amount of student financial assistance awarded to a student under this title exceed such student’s total cost of attendance.

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

“(1) is less than 22 years old at time of first grant award under this section;

“(2) receives a secondary school diploma or its recognized equivalent on or after January 1, 1993;

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

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

“(e) PRIORITY.—The Secretary shall ensure that each eligible entity places a priority on awarding scholarships to students who will receive a Federal Pell Grant for the academic year for which the scholarship is awarded under this section.

“(f) SPECIAL RULE.—An eligible entity may consider students who have successfully participated in programs funded under chapter 1 of this subpart to have met the requirements of subsection (d)(4).

#### “SEC. 404E. 21ST CENTURY SCHOLAR CERTIFICATES.

“(a) AUTHORITY.—The Secretary, using funds appropriated under section 404G, not to exceed \$200,000 annually—

“(1) shall ensure that certificates, to be known as 21st Century Scholar Certificates, are provided to all students participating in programs under this chapter; and

“(2) may, as practicable, ensure that such certificates are provided to all students in grades 6 through 12 who attend schools at which at least 50 percent of the students enrolled are eligible for a free or reduced price lunch.

“(b) INFORMATION REQUIRED.—A 21st Century Scholar Certificate shall be personalized for each student and indicate the amount of Federal financial aid for college which a student may be eligible to receive.

#### “SEC. 404F. EVALUATION AND REPORT.

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

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

“(1) provide for input from eligible entities and service providers; and

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

“(c) FEDERAL EVALUATION.—In order to evaluate and improve the impact of the program assisted under this chapter, the Secretary shall, with funds appropriated under section 404G, make grants to, and enter into contracts and cooperative agreements with public and private institutions and organizations, to evaluate the effectiveness of the program and, as appropriate, disseminate the results of the evaluation.

“(d) REPORT.—The Secretary shall biennially report to Congress on the activities assisted under this chapter and the evaluations conducted pursuant to this section.

#### “SEC. 404G. APPROPRIATIONS.

“There are authorized to be appropriated to carry out this chapter \$200,000,000 for fis-

cal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.”.

On page 436, line 24, insert “Grant funds under this section may be used to provide before and after school services to the extent necessary to enable low-income students enrolled at the institution of higher education to pursue postsecondary education.” after the period.

On page 442, between lines 8 and 9, insert the following:

#### SEC. 419A. LEARNING ANYTIME ANYWHERE PARTNERSHIPS.

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

##### “Subpart 9—Learning Anytime Anywhere Partnerships

#### “SEC. 420D. FINDINGS.

“Congress makes the following findings:

“(1) The nature of postsecondary education delivery is changing, and new technology and other related innovations can provide promising education opportunities for individuals who are currently not being served, particularly for individuals without easy access to traditional campus-based postsecondary education or for whom traditional courses are a poor match with education or training needs.

“(2) Individuals, including individuals seeking basic or technical skills or their first postsecondary experience, individuals with disabilities, dislocated workers, individuals making the transition from welfare-to-work, and individuals who are limited by time and place constraints can benefit from nontraditional, noncampus-based postsecondary education opportunities and appropriate support services.

“(3) The need for high-quality, nontraditional, technology-based education opportunities is great, as is the need for skill competency credentials and other measures of educational progress and attainment that are valid and widely accepted, but neither need is likely to be adequately addressed by the uncoordinated efforts of agencies and institutions acting independently and without assistance.

“(4) Partnerships, consisting of institutions of higher education, community organizations, or other public or private agencies or organizations, can coordinate and combine institutional resources—

“(A) to provide the needed variety of education options to students; and

“(B) to develop new means of ensuring accountability and quality for innovative education methods.

#### “SEC. 420E. PURPOSE; PROGRAM AUTHORIZED.

“(a) PURPOSE.—It is the purpose of this subpart to enhance the delivery, quality, and accountability of postsecondary education and career-oriented lifelong learning through technology and related innovations.

“(b) PROGRAM AUTHORIZED.—

“(1) GRANTS.—

“(A) IN GENERAL.—The Secretary may, from funds appropriated under section 420J make grants to, or enter into contracts or cooperative agreements with, eligible partnerships to carry out the authorized activities described in section 420G.

“(B) DURATION.—Grants under this subpart shall be awarded for periods that do not exceed 5 years.

“(2) DEFINITION OF ELIGIBLE PARTNERSHIP.—For purposes of this subpart, the term ‘eligible partnership’ means a partnership consisting of 2 or more independent agencies, organizations, or institutions. The agencies, organizations, or institutions may include institutions of higher education, community organizations, and other public and private institutions, agencies, and organizations.

**“SEC. 420F. APPLICATION.**

“(a) REQUIREMENT.—An eligible partnership desiring to receive a grant under this subpart shall submit an application to the Secretary, in such form and containing such information, as the Secretary may require.

“(b) CONTENTS.—Each application shall include—

“(1) the name of each partner and a description of the responsibilities of the partner, including the designation of a nonprofit organization as the fiscal agent for the partnership;

“(2) a description of the need for the project, including a description of how the project will build on any existing services and activities;

“(3) a listing of human, financial (other than funds provided under this subpart), and other resources that each member of the partnership will contribute to the partnership, and a description of the efforts each member of the partnership will make in seeking additional resources; and

“(4) a description of how the project will operate, including how funds awarded under this subpart will be used to meet the purpose of this subpart.

**“SEC. 420G. AUTHORIZED ACTIVITIES.**

“Funds awarded to an eligible partnership under this subpart shall be used to—

“(1) develop and assess model distance learning programs or innovative educational software;

“(2) develop methodologies for the identification and measurement of skill competencies;

“(3) develop and assess innovative student support services; or

“(4) support other activities that are consistent with the purpose of this subpart.

**“SEC. 420H. MATCHING REQUIREMENT.**

“Federal funds shall provide not more than 50 percent of the cost of a project under this subpart. The non-Federal share of project costs may be in cash or in kind, fairly evaluated, including services, supplies, or equipment.

**“SEC. 420I. PEER REVIEW.**

“The Secretary shall use a peer review process to review applications under this subpart and to make recommendations for funding under this subpart to the Secretary.

**“SEC. 420J. AUTHORIZATION OF APPROPRIATIONS.**

“There are authorized to be appropriated to carry out this subpart \$30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.”

On page 443, line 2, insert “FOR FISCAL YEARS 1999, 2000, 2001, AND 2002” after “RESERVES”.

On page 443, line 5, strike “\$40,000,000” and insert “\$21,250,000”.

On page 443, line 6, strike “2002, and 2003” and insert “and 2002”.

On page 443, line 15, strike “ $\frac{1}{4}$ ” and insert “ $\frac{1}{4}$ ”.

On page 444, line 4, strike “\$200,000,000” and insert “\$85,000,000”.

On page 444, between lines 7 and 8, insert the following:

“(C) SPECIAL RULE.—Notwithstanding subparagraphs (A) and (B), the percentage reduction under subparagraph (B) shall not result in the depletion of the reserve funds of any agency which charges the 1.0 percent insurance premium pursuant to section 428(b)(1)(H) below an amount equal to the amount of lender claim payments paid 90 days prior to the date of the return under this subsection. If any additional amount is required to be returned after deducting the total of the required shares under subparagraph (B) and as a result of the preceding sentence, such additional amount shall be obtained by imposing on each guaranty agency to which the preceding sentence does not apply, an equal percentage reduction in the amount of the agency’s remaining reserve funds.

On page 444, line 22, strike the end quotation marks and the second period.

On page 444, after line 22, insert the following:

“(j) ADDITIONAL RECALL OF RESERVES ON SEPTEMBER 1, 2007.—

“(1) IN GENERAL.—Notwithstanding any other provision of law and subject to paragraph (4), the Secretary shall recall, on September 1, 2007, \$165,000,000 from reserve funds held in the Federal Student Loan Reserve Funds established under section 422A by guaranty agencies.

“(2) DEPOSIT.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

“(3) EQUAL PERCENTAGE REDUCTION.—The Secretary shall require each guaranty agency to return reserve funds under paragraph (1) by requiring an equal percentage reduction in the amount of reserve funds held by the agency on September 30, 1996.

“(4) OFFSET OF REQUIRED SHARES.—If any guaranty agency returns to the Secretary any reserve funds in excess of the amount required under this subsection, subsection (h), or subsection (i), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such excess reserve funds returned.

“(5) DEFINITION OF RESERVE FUNDS.—The term ‘reserve funds’ when used with respect to a guaranty agency—

“(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

“(B) does not include buildings, equipment, or other nonliquid assets.”

On page 446, beginning with line 17, strike all through page 447, line 4, and insert the following:

“(e) OWNERSHIP OF FEDERAL FUND.—The Federal Fund, and any nonliquid asset (such as a building or equipment) developed or purchased by the guaranty agency in whole or in part with Federal reserve funds, regardless of who holds or controls the Federal reserve funds or such asset, shall be considered to be the property of the United States, prorated based on the percentage of such asset developed or purchased with Federal reserve funds, which property shall be used in the operation of the program authorized by the part, as provided in subsection (d). The Secretary may restrict or regulate the use of such asset only to the extent necessary to reasonably protect the Secretary’s prorated share of the value of such asset. The Secretary may direct a guaranty agency, or such agency’s officers or directors, to cease any activity involving expenditures, use, or transfer of the Federal Fund administered by the guaranty agency that the Secretary determines is a misapplication, misuse, or improper expenditures of the Federal fund or the Secretary’s share of such asset.”

On page 448, line 15, insert “The Secretary shall pay to the guaranty agency any funds withheld in accordance with this paragraph immediately upon making the determination that the guaranty agency has made all such repayments.” after the period.

On page 450, line 1, insert “administrative cost allowances paid under section 458, as such section was in effect on the day preceding the date of enactment of the Higher Education Amendments of 1998, and” after “(2)”.

On page 453, strike lines 9 through 17.

On page 453, between lines 17 and 18, insert the following:

**SEC. 424. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.**

Section 424(a) (20 U.S.C. 1074(a)) is amended—

(1) by striking “October 1, 2002” and inserting “October 1, 2004”; and

(2) by striking “September 30, 2006” and inserting “September 30, 2008”.

On page 453, beginning with line 18, strike all through page 458, line 2, and insert the following:

**SEC. 425. APPLICABLE INTEREST RATES.**

(a) APPLICABLE INTEREST RATES.—

(1) AMENDMENT.—Section 427A (20 U.S.C. 1077a et seq.) is amended by amending subsection (j) to read as follows:

“(j) INTEREST RATES FOR NEW LOANS ON OR AFTER OCTOBER 1, 1998, AND BEFORE JULY 1, 2003.—

“(1) IN GENERAL.—Notwithstanding subsection (h) and subject to paragraph (2), with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

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

“(B) 2.3 percent, except that such rate shall not exceed 8.25 percent.

“(2) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding subsection (h), with respect to any loan under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest for interest which accrues—

“(A) prior to the beginning of the repayment period of the loan; or

“(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting ‘1.7 percent’ for ‘2.3 percent’.

“(3) PLUS LOANS.—Notwithstanding subsection (h), with respect to any loan under section 428B for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall be determined under paragraph (1)—

“(A) by substituting ‘3.1 percent’ for ‘2.3 percent’; and

“(B) by substituting ‘9.0 percent’ for ‘8.25 percent’.

“(4) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.”

(2) CONFORMING AMENDMENT.—Section 428B(d)(4) (20 U.S.C. 1078-2(d)(4)) is amended by striking “section 427A(c)” and inserting “section 427A(j)(3)”.

(b) SPECIAL ALLOWANCES.

(1) AMENDMENT.—Section 438(b)(2)(G) (20 U.S.C. 1087-1(b)(2)(G)) is amended to read as follows:

“(G) LOANS DISBURSED BETWEEN OCTOBER 1, 1998, AND BEFORE JULY 1, 2003.—

“(i) IN GENERAL.—Subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, and except as provided in subparagraph (B), the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, shall be computed—

“(I) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period;



“(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

“(III) by adding 2.8 percent to the resultant percent; and

“(IV) by dividing the resultant percent by 4.

“(ii) **IN SCHOOL AND GRACE PERIOD.**—In the case of any loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(j)(2), clause (i)(III) of this subparagraph shall be applied by substituting ‘2.2 percent’ for ‘2.8 percent’.

“(iii) **PLUS LOANS.**—In the case of any loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(j)(3), clause (i)(III) of this subparagraph shall be applied by substituting ‘3.1 percent’ for ‘2.8 percent’, subject to clause (iv) of this subparagraph.

“(iv) **LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.**—In the case of loans disbursed on or after October 1, 1998, and before July 1, 2003, for which the interest rate is determined under section 427A(j)(3), a special allowance shall not be paid for a loan made under section 428B unless the rate determined for any 12-month period under section 427A(j)(3) exceeds 9 percent.”.

(2) **CONFORMING AMENDMENT.**—Section 438(b)(2)(C)(ii) is amended by striking “In the case” and inserting “Subject to subparagraph (G), in the case”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to any loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003.

On page 460, line 9, strike “and” after the semicolon.

On page 460, line 14, strike the period and insert “; and”.

On page 460, between lines 14 and 15, insert the following:

(3) in paragraph (5)—

(A) by striking “September 30, 2002” and inserting “September 30, 2004”; and

(B) by striking “September 30, 2006” and inserting “September 30, 2008”.

On page 463, line 2, strike “and” after the semicolon.

On page 463, between lines 2 and 3, insert the following:

(2) in paragraph (7), by adding at the end the following:

“(D) There shall be excluded from the 6-month period that begins on the date on which a student ceases to carry at least one-half the normal full-time academic workload as described in subparagraph (A)(i) any period not to exceed 3 years during which a borrower who is a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code, is called or ordered to active duty for a period of more than 30 days (as defined in section 101(d)(2) of such title). Such period of exclusion shall include the period necessary to resume enrollment at the borrower’s next available regular enrollment period.”; and

On page 468, line 5, insert “, except that, beginning on September 30, 2003, this subparagraph shall be applied by substituting ‘23 percent’ for ‘24 percent’” before the period.

On page 470, line 5, strike “The Secretary, for” and insert the following: “The Secretary—

“(i) for

On page 470, line 6, insert “and before October 1, 2003,” after “1998.”.

On page 470, line 12, strike the period and insert “; and”.

On page 470, between lines 12 and 13, insert the following:

“(ii) for loans originated on or after October 1, 2003, and in accordance with the provisions of this paragraph, shall pay to each guaranty agency, a loan processing and issuance fee equal to 0.40 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency.

On page 472, line 2, strike “210th” and insert “300th”.

On page 475, strike line 10 and all that follows through page 476, line 15, and insert the following:

“(3) may only include provisions—

“(A) specifying the responsibilities of the guaranty agency under the agreement, with respect to—

“(i) administering the issuance of insurance on loans made under this part on behalf of the Secretary;

“(ii) monitoring insurance commitments made under this part;

“(iii) default aversion activities;

“(iv) review of default claims made by lenders;

“(v) payment of default claims;

“(vi) collection of defaulted loans;

“(vii) adoption of internal systems of accounting and auditing that are acceptable to the Secretary, and reporting the result thereof to the Secretary in a timely manner, and on an accurate, and auditable basis;

“(viii) timely and accurate collection and reporting of such other data as the Secretary may require to carry out the purposes of the programs under this title;

“(ix) monitoring of institutions and lenders participating in the program under this part; and

“(x) informational outreach to schools and students in support of access to higher education;

On page 477, line 25, strike “and” after the semicolon.

On page 478, line 3, strike the period and insert “; and”.

On page 478, between lines 3 and 4, insert the following:

“(5) shall not prohibit or restrict borrowers from selecting a lender of the borrower’s choosing, subject to the prohibitions and restrictions applicable to the selection under this Act.

“(c) **PUBLIC NOTICE.**—

“(1) **IN GENERAL.**—The Secretary shall publish in the Federal Register a notice to all guaranty agencies that sets forth—

“(A) an invitation for the guaranty agencies to enter into agreements under this section; and

“(B) the criteria that the Secretary will use for selecting the guaranty agencies with which the Secretary will enter into agreements under this section.

“(2) **AGREEMENT NOTICE.**—The Secretary shall notify the Chairperson and the Ranking Minority Members of the Committee on Labor and Human Resources of the Senate, and the Committee on Education and Workforce of the House of Representatives, and shall publish a notice in the Federal Register, with a request for public comment, at least 30 days prior to concluding an agreement under this section. The notice shall contain—

“(A) a description of the voluntary flexible agreement and the performance goals established by the Secretary for the agreement;

“(B) a list of participating guaranty agencies and the specific statutory or regulatory waivers provided to each guaranty agency;

“(C) a description of the standards by which each guaranty agency’s performance under the agreement will be assessed; and

“(D) a description of the fees that will be paid to each participating guaranty agency.

“(3) **PUBLIC AVAILABILITY.**—The text of any voluntary flexible agreement, and any subsequent revisions, shall be readily available to the public.

“(4) **MODIFICATION NOTICE.**—The Secretary shall notify the Chairperson and the Ranking Minority Member of the Committee on Labor and Human Resources of the Senate, and the Committee on Education and Workforce of the House of Representatives 30 days prior to any modifications to an agreement under this section.

On page 481, between lines 11 and 12, insert the following:

#### **SEC. 429. FEDERAL CONSOLIDATION LOANS.**

Section 428C(e) (20 U.S.C. 1078-3(e)) is amended by striking “September 30, 2002” and inserting “September 30, 2004”.

On page 481, line 14, insert “(a) **IN GENERAL.**—” before “Section”.

On page 481, line 21, strike “and” after the semicolon.

On page 482, line 2, strike the period and insert “; and”.

On page 482, between lines 2 and 3, insert the following:

(3) in subsection (e)—

(A) by striking “or made” and inserting “, made”; and

(B) by inserting “, or made to a student to cover the cost of attendance in a program of study abroad approved by the home eligible institution if the home eligible institution has a cohort default rate (as calculated under section 435(m)) of less than 5 percent” before the period.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a)(2) shall be effective during the period beginning on October 1, 1998, and ending on September 30, 2002.

On page 482, line 9, insert “(a) **IN GENERAL.**—” before “Section”.

On page 484, line 14, strike “and” after the semicolon.

On page 484, between lines 14 and 15, insert the following:

(3) in subsection (e)—

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

“(2) **CAPITALIZATION OF INTEREST.**—Interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or for which payments are deferred under sections 427(a)(2)(C) and 428(b)(1)(M) shall, if agreed upon by the borrower and the lender—

“(A) be paid monthly or quarterly; or

“(B) be added to the principal amount of the loan by the lender only—

“(i) when the loan enters repayment;

“(ii) at the expiration of a grace period, in the case of a loan that qualifies for a grace period;

“(iii) at the expiration of a period of deferment; or

“(iv) when the borrower defaults.”; and

On page 484, line 15, strike “(3) in subsection (e)(6)” and insert “(B) in paragraph (6)”.

On page 484, between lines 17 and 18, insert the following:

(b) **SENSE OF THE SENATE ON LOAN LIMIT FLEXIBILITY.**—

(1) **FINDINGS.**—The Senate finds that—

(A) due to the annual borrowing ceilings on the Federal student loan programs, increasing numbers of needy students are borrowing from more expensive private sector loan programs than from the Federal loan programs;

(B) according to the College Board, in academic year 1996-1997, students borrowed approximately \$1,200,000,000 from private sector loan programs;

(C) the alternative private sector loan programs are not only more expensive, but the interest rates are not capped, leaving students vulnerable to higher monthly payments when interest rates increase; and

(D) with more flexible Federal annual loan ceilings, students could be kept in Federal student loan programs, thereby making available to the students the debt management advantages of loan consolidation and alternative repayment options that are available under Federal student loan programs, and lowering the costs of monthly payments.

(2) SENSE OF THE SENATE.—It is the sense of the Senate that Congress should consider the growing problem described in paragraph (1) by continuing to examine the potential for adding borrowing flexibility to the annual, but not the aggregate, amounts that both undergraduate and graduate students are allowed to borrow under section 428H of the Higher Education Act of 1965.

On page 485, line 3, insert “qualifying” before “loan made”.

On page 485, lines 5 and 6, strike “the date of enactment of the Higher Education Amendments of 1998” and insert “October 1, 1998”.

On page 486, between lines 4 and 5, insert the following:

“(C) QUALIFYING LOANS.—For purposes of this section, a loan is a qualifying loan if—  
“(1) the loan was obtained to cover the cost of instruction for an academic year after the first and second years of undergraduate education; and  
“(2) the loan did not cover the costs of instruction for more than 2 academic years, or 3 academic years in the case of a program of instruction normally requiring 5 years to complete.

On page 486, line 15, insert “that are qualifying loans and are” after “loans”.

On page 486, line 23, strike “\$10,000” and insert “\$8,000”.

On page 489, strike lines 18 through 23 and insert:

“(C) has worked full time for the 2 consecutive years preceding the year for which the determination is made as a child care provider in a low-income community.

“(2) LOW-INCOME COMMUNITY.—For the purposes of this subsection, the term ‘low-income community’ means a community in which 70 percent of households within the community earn less than 85 percent of the State median household income.

On page 490, line 16, insert “consecutive” after “second”.

On page 490, line 22, insert “consecutive” after “third”.

On page 491, line 1, insert “consecutive” after “fifth”.

On page 495, line 2, strike “multiyear” and insert “master”.

On page 500, between lines 16 and 17, insert the following:

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(1)(B) shall be effective during the period beginning on the date of enactment of this Act and ending on September 30, 2002.

On page 501, between lines 5 and 6, insert the following:

(d) DEFINITION OF DEFAULT.—

(1) AMENDMENT.—Section 435(l) (20 U.S.C. 1085l) is amended—

(A) by striking “180 days” and inserting “270 days”; and

(B) by striking “240 days” and inserting “330 days”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to loans for which the first day of delinquency occurs on or after the date of enactment of this Act.

On page 501, between lines 14 and 15, insert the following:

#### SEC. 436A. STUDY OF THE EFFECTIVENESS OF COHORT DEFAULT RATES FOR INSTITUTIONS WITH FEW STUDENT LOAN BORROWERS.

Part A of title IV (20 U.S.C. 1071 et seq.) is amended by adding after section 435 the following:

#### “SEC. 435A. STUDY OF THE EFFECTIVENESS OF COHORT DEFAULT RATES FOR INSTITUTIONS WITH FEW STUDENT LOAN BORROWERS.

“(a) STUDY REQUIRED.—The Secretary shall conduct a study of the effectiveness of cohort default rates as an indicator of administrative capability and program quality for institutions of higher education at which less than 15 percent of students eligible to borrow participate in the Federal student loan programs under this title and fewer than 30 borrowers enter repayment in any fiscal year. At a minimum, the study shall include—

“(1) identification of the institutions included in the study and of the student populations the institutions serve;

“(2) analysis of cohort default rates as indicators of administrative shortcomings and program quality at the institutions;

“(3) analysis of the effectiveness of cohort default rates as a means to prevent fraud and abuse in the programs assisted under this title;

“(4) analysis of the extent to which the institutions with high cohort default rates are no longer participants in the Federal student loan programs under this title; and

“(5) analysis of the costs incurred by the Department for the calculation, publication, correction, and appeal of cohort default rates for the institutions in relation to any benefits to taxpayers.

“(b) CONSULTATION.—In conducting the study described in subsection (a), the Secretary shall consult with institutions of higher education.

“(c) REPORT TO CONGRESS.—The Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 1999, regarding the results of the study described in subsection (a).”

On page 508, line 4, insert “and” after the semicolon.

On page 508, strike lines 5 through 10, and insert the following:

(C) by inserting “and (B) provide that the Federal share of the compensation of students employed in community service shall not exceed 90 percent for academic years 1999–2000 and succeeding academic years,” after “academic years,”; and

On page 510, beginning with line 4, strike all through page 513, line 8, and insert the following:

(a) DIRECT LOAN INTEREST RATES.—Section 455(b) (20 U.S.C. 1087e(b)) is amended by amending paragraph (5) to read as follows:

“(5) INTEREST RATE PROVISION.—

“(A) RATES FOR FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Unsubsidized Stafford/Ford Loans for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

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

“(ii) 2.3 percent, except that such rate shall not exceed 8.25 percent.

“(B) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding the preceding paragraphs of

this subsection, with respect to any Federal Direct Stafford/Ford Loan or Federal Direct Unsubsidized Stafford/Ford Loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest for interest which accrues—

“(i) prior to the beginning of the repayment period of the loan; or

“(ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under subparagraph (A) by substituting ‘1.7 percent’ for ‘2.3 percent’.

“(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, with respect to Federal Direct PLUS Loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall be determined under subparagraph (A)—

“(i) by substituting ‘3.1 percent’ for ‘2.3 percent’; and

“(ii) by substituting ‘9.0 percent’ for ‘8.25 percent’.”

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to any loan made under part D of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003.

(c) REPAYMENT INCENTIVES.—Section 455(b) (20 U.S.C. 1087e(b)) is amended further by adding at the end the following:

“(7) REPAYMENT INCENTIVES.—

“(A) IN GENERAL.—Notwithstanding any other provision of this part, the Secretary is authorized to prescribe by regulation such reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment of the loan. Such reductions may be offered only if the Secretary determines the reductions are cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions shall be completely offset by corresponding savings in funds available for the William D. Ford Federal Direct Loan Program in that fiscal year from section 458 and other administrative accounts.

“(B) ACCOUNTABILITY.—The Secretary shall ensure the cost neutrality of such reductions by obtaining an official report from the Director of the Office of Management and Budget and the Director of the Congressional Budget Office that any such reductions will be completely cost neutral. The reports shall be transmitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not less than 60 days prior to the publication of regulations proposing such reductions.”

On page 514, strike line 6, and insert the following:

in accordance with subsections (b) and (c), not to exceed

On page 514, strike line 8, and insert the following:

\$617,000,000 in fiscal year 1999, \$735,000,000

On page 514, line 13, strike “subparagraph (B)” and insert “paragraph (1)(B)”.

On page 514, line 18, strike “and”.

On page 514, line 21, strike “Account” and insert “Except as provided in subsection (c), account”.

On page 515, line 6, strike the second period and insert a semicolon.

On page 515, between lines 6 and 7, insert the following:

(3) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(4) by inserting after subsection (b) the following:



“(c) SPECIAL RULES.—

“(1) FEE CAP.—The total amount of account maintenance fees payable under this section—

“(A) for fiscal year 1999, shall not exceed \$177,000,000;

“(B) for fiscal year 2000, shall not exceed \$180,000,000;

“(C) for fiscal year 2001, shall not exceed \$170,000,000;

“(D) for fiscal year 2002, shall not exceed \$180,000,000; and

“(E) for fiscal year 2003, shall not exceed \$195,000,000.

“(2) INSUFFICIENT FUNDING.—

“(A) IN GENERAL.—Notwithstanding section 422A(d), if the amount made available under subsection (a) is insufficient to pay the account maintenance fees payable to guaranty agencies under paragraph (1) for a fiscal year, the Secretary shall pay the insufficiency by requiring guaranty agencies to transfer funds from the Federal Student Loan Reserve Funds under section 422A to the Agency Operating Funds under section 422B.

“(B) ENTITLEMENT.—A guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of subparagraph (A).”.

On page 515, line 17, insert “and is a qualifying loan” after “subsidy”.

On page 515, lines 18 and 19, strike “the date of enactment of the Higher Education Amendments of 1998” and insert “October 1, 1998”.

On page 516, between lines 17 and 18, insert the following:

“(c) QUALIFYING LOANS.—For purposes of this section, a loan is a qualifying loan if—

“(1) the loan was obtained to cover the cost of instruction for an academic year after the first and second years of undergraduate education; and

“(2) the loan did not cover the costs of instruction for more than 2 academic years, or 3 academic years in the case of a program of instruction normally requiring 5 years to complete.

On page 517, line 3, insert “that are qualifying loans and are” after “loans”.

On page 517, line 11, strike “\$10,000” and insert “\$8,000”.

On page 528, line 16, strike “and” after the semicolon.

On page 528, between lines 16 and 17, insert the following:

(4) in subsection (c), by adding at the end the following:

“(7) There shall be excluded from the 9-month period that begins on the date on which a student ceases to carry at least one-half the normal full-time academic workload as described in paragraph (1)(A) any period not to exceed 3 years during which a borrower who is a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code, is called or ordered to active duty for a period of more than 30 days (as defined in section 101(d)(2) of such title). Such period of exclusion shall include the period necessary to resume enrollment at the borrower's next available regular enrollment period.”; and

On page 529, line 23, strike “The” and all that follows through page 530, line 2.

On page 537, between lines 5 and 6, insert the following:

#### SEC. 475. SIMPLIFIED NEEDS TEST; ZERO EXPECTED FAMILY CONTRIBUTION.

Section 479 (20 U.S.C. 1087ss) is amended—

(1) in subsection (b)(3)—

(A) in subparagraph (A), by striking “or” after the semicolon;

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

(C) by inserting after subparagraph (A) the following:

“(B) a form 1040 (including any prepared or electronic version of such form) required pursuant to the Internal Revenue Code of 1986, except that such form shall be considered a form described in this paragraph only if the student or family files such form in order to take a tax credit under section 25A of the Internal Revenue Code of 1986, and would otherwise be eligible to file a form described in subparagraph (A); or”;

(2) in subsection (c)—

(A) in paragraph (1), by amending subparagraph (A) to read as follows:

“(A)(i) the student's parents file, or are eligible to file, a form described in subsection (b)(3), or the parents certify to the Secretary that the parents are not required to file an income tax return; and

“(ii) the student files, or is eligible to file, a form described in subsection (b)(3), or the student certifies to the Secretary that the student is not required to file an income tax return; and”;

(B) in paragraph (2), by amending subparagraph (A) to read as follows:

“(A) the student (and the student's spouse, if any) files, or is eligible to file, a form described in subsection (b)(3), or the student certifies to the Secretary that the student (and the student's spouse, if any) is not required to file an income tax return; and”.

On page 537, strike lines 8 and 9, and insert the following:

Section 479A (20 U.S.C. 1087tt) is amended—

(1) in subsection (a), by inserting “Special circumstances may include tuition expenses at an elementary school or secondary school, medical or dental expenses not covered by insurance, other changes in a family's income or assets, or changes in a student's status.” after “absence of special circumstances.”; and

(2) by amending subsection (c) to read as follows:

On page 537, between lines 21 and 22, insert the following:

#### SEC. 481. DEFINITION OF INSTITUTION OF HIGHER EDUCATION.

Subparagraph (A) of section 481(a)(2) (20 U.S.C. 1088(a)(2)) is amended—

(1) in the second sentence, by inserting “or veterinary” after “case of a graduate medical”;

(2) by striking “attending a graduate medical school” and inserting “attending such school”;

(3) by amending clause (ii) to read as follows:

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

On page 541, strike lines 6 through 13, and insert the following:

“(h) MASTER PROMISSORY NOTE.—

“(1) IN GENERAL.—The Secretary shall develop and require the use of a master promissory note, for loans made under this title for periods of enrollment beginning on or after July 1, 2000, that may be applicable to more than 1 academic year, or more than 1 type of loan made under this title. Prior to implementing the master promissory note for all loans made under this title, the Secretary may develop, test, and require the use of such a master promissory note on a limited or pilot basis.

“(2) CONSULTATION.—In developing the master promissory note under this subsection, the Secretary shall consult with representatives of guaranty agencies, eligible lenders, institutions of higher education, students, and organizations involved in student financial assistance.

“(3) SALE; ASSIGNMENT; ENFORCEABILITY.—Notwithstanding any other provision of law,

each loan made under a master promissory note under this subsection may be sold or assigned independently of any other loan made under the same promissory note and each such loan shall be separately enforceable in all Federal and State courts on the basis of an original or copy of the master promissory note in accordance with the terms of the master promissory note.”.

On page 541, between lines 24 and 25, insert the following:

(2) in subsection (1), by amending paragraph (1) to read as follows:

“(1) RELATION TO CORRESPONDENCE COURSES.—

“(A) IN GENERAL.—A student enrolled in a course of instruction at an institution of higher education that is offered in whole or in part through telecommunications and leads to a recognized certificate for a program of study of 1 year or longer, or a recognized associate, baccalaureate, or graduate degree, conferred by such institution, shall not be considered to be enrolled in correspondence courses unless the total amount of telecommunications and correspondence courses at such institution equals or exceeds 50 percent of the total amount of all courses at the institution.

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

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

“(ii) for which at least 50 percent of the programs of study offered by the institution lead to the award of a recognized associate, baccalaureate, or graduate degree.”;

On page 543, strike lines 4 through 8, and insert the following:

riod determined under such paragraph if—

“(A) the student satisfactorily completes a drug rehabilitation program that—

“(i) complies with such criteria as the Secretary shall prescribe in regulations for purposes of this paragraph; and

“(ii) includes 2 unannounced drug tests; or

“(B) the conviction is expunged by pardon, reversed, set aside, or otherwise rendered nugatory.

On page 543, strike line 19 and all that follows through page 544, line 25, and insert the following:

Section 484B (20 U.S.C. 1091b) is amended to read as follows:

#### “SEC. 484B. INSTITUTIONAL REFUNDS.

“(a) RETURN OF TITLE IV FUNDS.—

“(1) IN GENERAL.—If a recipient of assistance under this title withdraws from a payment period in which the recipient began attendance, the amount of grant (other than assistance received under part C of this title) or loan assistance to be returned to the title IV programs is calculated according to paragraph (2) and returned in accordance with subsection (b).

“(2) CALCULATION OF AMOUNT OF TITLE IV ASSISTANCE EARNED.—

“(A) IN GENERAL.—The amount of grant or loan assistance under this title that is earned by the recipient for purposes of this section is calculated by—

“(i) determining the percentage of grant and loan assistance under this title that has been earned by the student, as described in subparagraph (B); and

“(ii) applying such percentage to the total amount of such grant and loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period, as of the day the student withdrew.

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

“(i) equal to the percentage of the payment period completed (as determined in accordance with subsection (d)) as of the day the student withdrew, provided that such date occurs on or before the completion of 60 percent of the payment period; or

“(ii) 100 percent, if the day the student withdrew occurs after the student has completed 60 percent of the payment period.

“(C) PERCENTAGE NOT EARNED.—For purposes of subsection (b), the amount of grant and loan assistance awarded under this title that has not been earned by the student shall be calculated by—

“(i) determining the complement of the percentage of grant or loan assistance under this title has been earned by the student described in subparagraph (B); and

“(ii) applying the percentage determined under clause (i) to the total amount of such grant and loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period, as of the day the student withdrew.

“(3) DIFFERENCES BETWEEN AMOUNTS EARNED AND AMOUNTS RECEIVED.—

“(A) IN GENERAL.—If the student has received less grant or loan assistance than the amount earned, as calculated under paragraph (2)(B), the institution of higher education shall comply with the procedures for late disbursement specified by the Secretary in regulations.

“(B) RETURN.—If the student has received more grant or loan assistance than the amount earned, as calculated under paragraph (2)(B), the unearned funds shall be returned by the institution or the student, or both, as may be required under paragraphs (1) and (2) of subsection (b), to the programs under this title in the order specified in subsection (b)(3).

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

“(1) RESPONSIBILITY OF THE INSTITUTION.—The institution shall return, in the order specified in paragraph (3), the lesser of—

“(A) the amount of grant and loan assistance awarded under this title that has not been earned by the student, as calculated under subsection (a)(2)(C); or

“(B) an amount equal to—

“(i) the total institutional charges for the payment period; multiplied by

“(ii) the percentage of grant and loan assistance awarded under this title that has not been earned by the student, as described in subsection (a)(2)(C).

“(2) RESPONSIBILITY OF THE STUDENT.—

“(A) IN GENERAL.—The student shall return assistance that has not been earned by the student as described in subsection (a)(2)(C) in the order specified in paragraph (3) minus the amount the institution is required to return under paragraph (1).

“(B) SPECIAL RULE.—The student shall return or repay, as appropriate, the amount determined under subparagraph (A) to—

“(i) a loan program under this title in accordance with the terms of the loan; and

“(ii) a grant program under this title, as an overpayment of such grant and shall be subject to overpayment collection procedures prescribed by the Secretary.

“(3) ORDER OF RETURN OF TITLE IV FUNDS.—

“(A) IN GENERAL.—Excess funds returned by the institution or the student, as appropriate, in accordance with paragraph (1) or (2), respectively, shall be credited to outstanding balances on loans made under this title to the student or on behalf of the student for the payment period for which a return of funds is required. Such excess funds shall be credited in the following order:

“(i) To outstanding balances on loans made under section 428H for the payment period for which a return of funds is required.

“(ii) To outstanding balances on loans made under section 428 for the payment period for which a return of funds is required.

“(iii) To outstanding balances on unsubsidized loans (other than parent loans) made under part D for the payment period for which a return of funds is required.

“(iv) To outstanding balances on subsidized loans made under part D for the payment period for which a return of funds is required.

“(v) To outstanding balances on loans made under part E for the payment period for which a return of funds is required.

“(vi) To outstanding balances on loans made under section 428B for the payment period for which a return of funds is required.

“(vii) To outstanding balances on parent loans made under part D for the payment period for which a return of funds is required.

“(B) REMAINING EXCESSES.—If excess funds remain after repaying all outstanding loan amounts, the remaining excess shall be credited in the following order:

“(i) To awards under subpart 1 of part A for the payment period for which a return of funds is required.

“(ii) To awards under subpart 3 of part A for the payment period for which a return of funds is required.

“(iii) To other assistance awarded under this title for which a return of funds is required.

“(c) WITHDRAWAL DATE.—

“(1) IN GENERAL.—In this section, the term ‘day the student withdrew’—

“(A) is the date that the institution determines—

“(i) the student began the withdrawal process prescribed by the institution;

“(ii) the student otherwise provided official notification to the institution of the intent to withdraw; or

“(iii) in the case of a student who does not begin the withdrawal process or otherwise notify the institution of the intent to withdraw, the date that the payment period ends for which aid under this title was disbursed; or

“(B) for schools required to take attendance, is determined by the institution from such attendance records.

“(2) SPECIAL RULE.—Notwithstanding paragraph (1), if the institution determines that a student was not able to begin the withdrawal process, or otherwise notify the institution of the intent to withdraw, due to illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the institution may determine the appropriate withdrawal date.

“(d) PERCENTAGE OF THE PAYMENT PERIOD COMPLETED.—For purposes of subsection (a)(2)(B)(i), the percentage of the payment period completed is determined—

“(1) in the case of a program that is measured in credit hours, by dividing the total number of calendar days comprising the payment period into the number of calendar days completed in that period as of the day the student withdrew; and

“(2) in the case of a program that is measured in clock hours, by dividing the total number of clock hours comprising the payment period into the number of clock hours completed by the student in that payment period as of the day the student withdrew.”.

On page 545, strike lines 6 through 9, and insert the following:

(A) in the second sentence, by striking “, through appropriate publications and mailings, to all current students, and to any prospective student upon request.” and inserting “upon request, through appropriate publications, mailings, and electronic media to an enrolled student, and to any prospective student.”;

On page 545, between lines 14 and 15, insert the following:

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

“(F) a statement of—

“(i) the requirements of any refund policy with which the institution is required to comply;

“(ii) the requirements under section 484B for the return of grant or loan assistance provided under this title; and

“(iii) the requirements for officially withdrawing from the institution.”;

On page 545, line 16, insert “and” after the semicolon.

On page 545, line 18, strike “and” after the second semicolon.

On page 545, strike lines 19 through 25.

On page 550, between lines 16 and 17, insert the following:

(4) in paragraph (6) (as redesignated by paragraph (2)), by amending subparagraph (A) to read as follows: “(A) For purposes of this section the term ‘campus’ means—

“(i) any building or property owned or controlled by an institution of higher education within the same reasonably contiguous geographic area of the institution, including a building or property owned by the institution, but controlled by another person, such as a food or other retail vendor;

“(ii) any building or property owned or controlled by a student organization recognized by the institution;

“(iii) all public property that is within the same reasonably contiguous geographic area of the institution, such as a sidewalk, a street, other thoroughfare, or parking facility, that is adjacent to a facility owned or controlled by the institution;

“(iv) any building or property (other than a branch campus) owned or controlled by an institution of higher education that is used in direct support of, or in relation to, the institution's educational purposes, is used by students, and is not within the same reasonably contiguous geographic area of the institution; and

“(v) all dormitories or other student residential facilities owned or controlled by the institution.”;

On page 550, line 20, strike “permitted” and insert “required”.

On page 553, line 25, strike the end quotation marks and the second period.

On page 553, after line 25, insert the following:

“(10)(A) The Secretary shall report to the appropriate committees of Congress each institution of higher education that the Secretary determines is not in compliance with the reporting requirements of this subsection.

“(B) The Secretary shall provide to an institution of higher education that the Secretary determines is having difficulty, or is not in compliance, with the reporting requirements of this subsection—

“(i) data and analysis regarding successful practices employed by institutions of higher education to reduce campus crime; and

“(ii) technical assistance.

“(11) For purposes of reporting the statistics described in paragraphs (1)(F) and (1)(H), an institution of higher education shall distinguish, by means of separate categories, any criminal offenses that occur—

“(A) on publicly owned sidewalks, streets, or other thoroughfares, or in parking facilities, that are adjacent to facilities owned by the institution; and

“(B) in dormitories or other residential facilities for students on campus.

“(12)(A) Upon determination, after reasonable notice and opportunity for a hearing on the record, that an institution of higher education—

“(i) has violated or failed to carry out any provision of this subsection or any regulation prescribed under this subsection; or

“(ii) has substantially misrepresented the number, location, or nature of the crimes required to be reported under this subsection, the Secretary shall impose a civil penalty upon the institution of not to exceed \$25,000 for each violation, failure, or misrepresentation.

“(B) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

“(13)(A) Nothing in this subsection may be construed to—

“(i) create a cause of action against any institution of higher education or any employee of such an institution for any civil liability; or

“(ii) establish any standard of care.

“(B) Notwithstanding any other provision of law, evidence regarding compliance or noncompliance with this subsection shall not be admissible as evidence in any proceeding of any court, agency, board, or other entity, except with respect to an action to enforce this subsection

“(14) This subsection may be cited as the ‘Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act’.”

On page 555, line 7, insert end quotation marks and a period after the period.

On page 555, strike lines 8 through 15.

On page 557, line 24, strike “, and that” and all that follows through page 558, line 2, and insert a semicolon, end quotation marks, and a period.

On page 558, line 24, strike “Tuition and fees” and insert “Tuition and fees for a full-time undergraduate student”.

On page 559, strike lines 1 through 16, and insert the following:

“(ii) Cost of attendance for a full-time undergraduate student, consistent with the provisions of section 472.

“(iii) Average amount of financial assistance received by an undergraduate student who attends an institution of higher education, including—

“(I) each type of assistance or benefit described in section 428(a)(2)(C)(i);

“(II) fellowships; and

“(III) institutional and other assistance.

“(iv) Percentage of students receiving financial assistance described in each of subclauses (I), (II), and (III) of clause (iii);

On page 560, line 1, insert “at least” after “all”.

On page 560, line 1, insert “participating in the program under this title” after “education”.

On page 561, between lines 11 and 12, insert the following:

“(v) operations and maintenance;

On page 561, between lines 13 and 14, insert the following:

“(B) the replacement cost of instructional buildings and equipment;

On page 561, line 14, strike “such expenditures” and insert “the expenditures described in subparagraph (A)”.

On page 561, line 16, strike “such expenditures” and insert “the expenditures described in subparagraph (A) and the replacement cost described in subparagraph (B)”.

On page 562, line 20, strike “Section” and insert “(a) IN GENERAL.—Section”.

On page 564, strike lines 7 through 10, and insert the following:

(A) in paragraph (1)(A)—

(i) in clause (i)—

(I) by striking “clause (ii)” and inserting “clauses (ii) and (iii)”;

(II) by striking “State review entities referred to in” and inserting “appropriate State agency notifying the Secretary under”; and

(III) by striking “or” after the semicolon; (ii) in clause (ii), by inserting “or” after the semicolon; and

(iii) by adding at the end the following:

“(iii) with regard to an eligible institution (other than an eligible institution described in section 481(a)(1)(C)) that has obtained less than \$200,000 in funds under this title during each of the 2 award years that precede the audit period and submits a letter of credit payable to the Secretary equal to not less than ½ of the annual potential liabilities of such institution as determined by the Secretary, deeming an audit conducted every 3 years to satisfy the requirements of clause (i), except for the award year immediately preceding renewal of the institution’s eligibility under section 498(g).”;

On page 564, between lines 16 and 17, insert the following:

(b) PROVISION OF VOTER REGISTRATION FORMS.—

(1) PROGRAM PARTICIPATION REQUIREMENT.—Section 487(a) (20 U.S.C. 1094(a)) is amended by adding at the end the following:

“(23) The institution, if located in a State to which section 113 applies, will make a good faith effort to provide a mail voter registration form, received from such State, to each student enrolled in a degree or certificate program and in attendance at the institution and to make such forms widely available to students at the institution.”.

(2) REGULATION PROHIBITED.—No officer of the executive branch is authorized to instruct the State in the manner in which the amendment made by this subsection is carried out.

On page 568, between lines 22 and 23, insert the following:

“(c) REGULATORY AND STATUTORY RELIEF FOR SMALL VOLUME INSTITUTIONS.—The Secretary, following discussions with representatives of eligible institutions (other than eligible institutions described in section 481(a)(1)(C)) that have obtained in each of the 2 most recent award years prior to the date of enactment of the Higher Education Amendments of 1998 less than \$200,000 in funds through this title, shall review and evaluate ways in which regulations under and provisions of this Act affecting the institutions may be improved, streamlined, or eliminated, and shall submit, not later than 1 year after the enactment of the Higher Education Amendments of 1998, a report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives detailing the Secretary’s findings and recommendations, including a timetable for implementation of any recommended changes.

On page 570, strike line 6 and all that follows through page 571, line 2, and insert the following:

“(2) WAIVERS.—The Secretary is authorized to waive for any institution of higher education, system of institutions of higher education, or consortium participating in a Distance Education Demonstration Program, the requirements of section 472(5) as the section relates to computer costs, sections 481(d) and 481(e) as such sections relate to requirements for a minimum number of weeks of instruction, sections 472(10), 481(a)(3)(A), 481(a)(3)(B), 484(1)(1), or 1 or more of the regulations prescribed under this part or part F which inhibit the operation of quality distance education programs.

“(3) SPECIAL RULES.—

“(A) ELIGIBLE INSTITUTIONS.—Only an institution of higher education that provides at least a 2-year, or 4-year program of instruction for which the institution awards an associate or a baccalaureate degree, or provides a graduate degree, shall be eligible to participate in the demonstration program authorized under this section.

“(B) PROHIBITION.—An institution of higher education described in section 481(a)(1)(C) shall not be eligible to participate in the demonstration program authorized under this section.

“(C) SPECIAL RULE.—Subject to subparagraph (B), an institution of higher education that meets the requirements of subsection (a) of section 481, other than the requirement of paragraph (3)(A) or (3)(B) of such subsection, shall be eligible to participate in the demonstration program authorized under this section.

“(D) REQUIREMENT.—Notwithstanding any other provision of this paragraph, Western Governors University shall be considered eligible to participate in the demonstration program authorized under this section, and the Secretary may, in addition to the waivers described in paragraph (2), waive for such university such other requirements of this title as the Secretary determines to be appropriate because of the unique characteristics of such university. In carrying out the preceding sentence, the Secretary shall ensure that adequate program integrity and accountability measures apply to such university’s participation in the demonstration program authorized under this section.

On page 572, strike lines 5 through 20, and insert the following:

“(d) SELECTION.—

“(1) IN GENERAL.—For the first year of the demonstration program authorized under this section, the Secretary is authorized to select for participation in the program not more than 15 institutions, systems of institutions, or consortia of institutions. For the third year of the demonstration program authorized under this title, the Secretary may select not more than 35 institutions, systems, or consortia, in addition to the institutions, systems, or consortia selected pursuant to the preceding sentence, to participate in the demonstration program if the Secretary determines that such expansion is warranted based on the evaluations conducted in accordance with subsections (f) and (g).

“(2) CONSIDERATIONS.—In selecting institutions to participate in the demonstration program in the first or succeeding years of the program, the Secretary shall take into account—

“(A) the number and quality of applications received;

“(B) the Department’s capacity to oversee and monitor each institution’s participation; and

“(C) an institution’s—

“(i) financial responsibility;

“(ii) administrative capability; and

“(iii) program or programs being offered via distance education.

On page 574, strike lines 21 and 22, and insert the following:

nual basis regarding—

“(i) the demonstration programs authorized under this section; and

“(ii) the number and types of students receiving assistance under this title for instruction leading to a recognized certificate, as provided for in section 484(1)(1), including the progress of such students toward recognized certificates and the degree to which participation in such programs leading to such certificates increased.

On page 580, strike lines 11 through 24, and insert the following:

(i) by inserting "D," after "B,"; and  
 (ii) by striking "Such meetings shall include" and inserting "The Secretary shall obtain the advice of and recommendations from"; and

(B) in paragraph (2)—

(i) by striking "During such meetings the" and inserting "The";

(ii) by inserting "D," after "B,"; and

(iii) by striking "1992" and inserting "1998 through such mechanisms as regional meetings and electronic exchanges of information"; and

On page 581, strike lines 6 through 13, and insert the following:

(i) by striking "holding regional meetings" and inserting "obtaining the advice and recommendations described in subsection (a)(1)";

(ii) by inserting "D," after "B,";

(iii) by striking "1992" and inserting "1998"; and

(iv) by striking "The Secretary shall follow the guidance provided in sections 305.82-4 and 305.85-5 of chapter 1, Code of Federal Regulations, and any successor recommendation, regulation, or law."; and

On page 581, line 22, strike "impractical" and insert "unnecessary or inadvisable".

On page 582, between lines 5 and 6, insert the following:

**SEC. 489D. PROCEDURES FOR CANCELLATIONS AND DEFERMENTS FOR ELIGIBLE DISABLED VETERANS.**

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

**"SEC. 493A. PROCEDURES FOR CANCELLATIONS AND DEFERMENTS FOR ELIGIBLE DISABLED VETERANS.**

"The Secretary, in consultation with the Secretary of Veterans Affairs, shall develop and implement a procedure to permit Department of Veterans Affairs physicians to provide the certifications and affidavits needed to enable disabled veterans enrolled in the Department of Veterans Affairs health care system to document such veterans' eligibility for deferments or cancellations of student loans made, insured, or guaranteed under this title. Not later than 6 months after the date of enactment of the Higher Education Amendments of 1998, the Secretary and the Secretary of Veterans Affairs jointly shall report to Congress on the progress made in developing and implementing the procedure."

On page 588, line 19, strike "and" after the semicolon.

On page 588, line 22, strike the period and insert "; and".

On page 588, between lines 22 and 23, insert the following:

(5) by adding at the end the following:

"(6) Notwithstanding any other provision of law, any individual, whom the Secretary determines, in accordance with paragraph (2), exercises substantial control over an institution participating in, or seeking to participate in, a program under this title, required to pay, on behalf of a student or borrower, a refund of unearned institutional charges to a lender, or to the Secretary, who willfully fails to pay such refund or willfully attempts in any manner to evade payment of such refund, shall, in addition to other penalties provided by law, be liable to the Secretary for the amount of the refund not paid, to the same extent with respect to such refund that such an individual would be liable as a responsible person for a penalty under section 6672(a) of Internal Revenue Code of 1986 with respect to the nonpayment of taxes."

On page 596, line 8, strike "PBO" and insert "Chief Operating Officer".

On page 598, line 12, insert "and any revision to the plan" after "plan".

On page 598, line 17, insert "or revision" after "plan".

On page 599, line 14, strike "Each year" and insert the following:

"(A) IN GENERAL.—Each year".

On page 599, between lines 20 and 21, insert the following:

"(B) CONSULTATION WITH STAKEHOLDERS.—The Chief Operating Officer, in preparing the report described in subparagraph (A), shall establish appropriate means to consult with borrowers, institutions, lenders, guaranty agencies, secondary markets, and others involved in the delivery system of student aid under this title—

"(i) regarding the degree of satisfaction with the delivery system; and

"(ii) to seek suggestions on means to improve the delivery system.

On page 600, lines 7 and 8, strike ", without regard to political affiliation or activity".

On page 600, line 22, insert ", and any revision to the final agreement," after "agreement".

On page 604, between lines 3 and 4, insert the following:

"(h) REPORT.—The Secretary and the Chief Operating Officer, not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, shall report to Congress on the proposed budget and sources of funding for the operation of the PBO.

On page 604, line 9, strike "section" and insert "part".

On page 604, line 9, strike the end quotation marks and the second period.

On page 604, between lines 9 and 10, insert the following:

**"SEC. 499A. PERSONNEL FLEXIBILITIES.**

"(a) GENERAL PROVISIONS.—

"(1) CERTAIN LIMITATIONS NOT APPLICABLE.—The PBO shall not be subject to any limitation related to the number or grade of its employees.

"(2) APPLICABLE PROVISIONS OF TITLE 5.—

"(A) PROVISIONS.—Any flexibilities provided under this section shall be exercised in a manner consistent with the following provisions of title 5, United States Code:

"(i) Chapter 23, relating to merit system principles and prohibited personnel practices.

"(ii) Provisions relating to preference eligibles.

"(iii) Section 5307, relating to the aggregate limitation on pay.

"(iv) Chapter 71, relating to labor-management relations, except to the extent provided by paragraph (3).

"(B) EXERCISE OF AUTHORITY.—The exercise of any authorities provided under this section shall be subject to subsections (b) and (c) of section 1104 of title 5, United States Code, as though such authorities were delegated to the PBO under subsection (a)(2) of such section. The PBO shall provide the Office of Personnel Management with any information the Office requires in carrying out its responsibilities under this subsection.

"(3) LABOR ORGANIZATION AGREEMENTS.—Employees within a unit to which a labor organization is accorded exclusive recognition under chapter 71 of title 5, United States Code, shall not be subject to any flexibility provided under this section unless the exclusive representative and PBO have entered into a written agreement which specifically provides for the exercise of that flexibility. A written agreement may not be imposed by the Federal Services Impasses Panel under section 7119 of title 5, United States Code.

"(4) FLEXIBILITIES.—

"(A) PRIOR APPROVAL.—The PBO may exercise any of the flexibilities provided under subsections (b), (c)(1), and (d) without prior approval of the Office of Personnel Management.

"(B) PLAN AND APPROVAL.—The PBO may exercise the flexibilities described in sub-

section (c)(2) only after a specific plan for implementation of those flexibilities is submitted to and approved by the Director of the Office of Personnel Management.

"(5) DEMONSTRATION PROJECTS.—

"(A) IN GENERAL.—The exercise of any flexibilities under this section shall not affect the authority of the PBO to implement a demonstration project subject to chapter 47 of title 5, United States Code, and as provided in subparagraph (B).

"(B) APPLICATION OF TITLE 5.—In applying section 4703 of title 5, United States Code, to a project described in subparagraph (A)—

"(i) section 4703(b)(1) shall be deemed to read as follows:

"(1) develop a plan for such project which describes its purpose, the employees to be covered, the project itself, its anticipated outcomes, and the method of evaluating the project;";

"(ii) section 4703(b)(3) shall not apply;

"(iii) the 180-day notification period in section 4703(b)(4) shall be deemed to be a 30-day notification period;

"(iv) section 4703(b)(6) shall be deemed to read as follows:

"(6) provide each House of Congress with the final version of the plan;";

"(v) section 4703(c)(1) shall be deemed to read as follows:

"(1) subchapter V of chapter 63 or subpart G of part III of this title;";

"(vi) section 4703(d) shall not apply; and

"(vii) section 4703(f) shall not apply, and, in lieu thereof, paragraph (3) of this subsection shall apply as though the demonstration project were a flexibility authority provided under this subsection.

"(b) PERFORMANCE MANAGEMENT.—

"(1) IN GENERAL.—The PBO shall establish a performance management system that—

"(A) maintains individual accountability by—

"(i) establishing 1 or more retention standards for each employee related to the work of the employee and expressed in terms of individual performance, and communicating such retention standards to employees;

"(ii) making periodic determinations of whether each employee meets or does not meet the employee's established retention standards; and

"(iii) taking actions, in accordance with applicable laws and regulations, with respect to any employee whose performance does not meet established retention standards, including denying any increase in basic pay, promotions, and credit for performance under section 3502 of title 5, United States Code, and taking 1 or more of the following actions:

"(I) Reassignment;

"(II) An action under chapter 43 or 75 of title 5, United States Code; or

"(III) Any other appropriate action to resolve the performance problem; and

"(B) strengthens its effectiveness by providing for—

"(i) establishing goals or objectives for individual, group, or organizational performance (or any combination thereof), consistent with the annual performance agreement described in section 499(f)(2) and PBO performance planning procedures, including those established under the Government Performance and Results Act of 1993, and communicating such goals or objectives to employees;

"(ii) using such goals and objectives to make performance distinctions among employees or groups of employees; and

"(iii) using performance assessments as a basis for granting employee awards, adjusting an employee's rate of basic pay, and other appropriate personnel actions, in accordance with applicable provisions or law and regulation.

“(2) PERFORMANCE.—

“(A) ASSESSMENT.—For purposes of paragraph (1)(B), the term ‘performance assessment’ means a determination of whether or not retention standards established under paragraph (1)(A)(i) are met, and any additional performance determination made on the basis of performance goals and objectives established under paragraph (1)(B)(i).

“(B) UNACCEPTABLE PERFORMANCE.—For purposes of title 5, United States Code, the term ‘unacceptable performance’ with respect to an employee of the PBO means performance of the employee which fails to meet a retention standard established under paragraph (1)(A)(i).

“(3) AWARDS PROGRAM.—

“(A) IN GENERAL.—The PBO may establish an awards program designed to provide incentives for and recognition of organizational, group, and individual achievements by providing for granting awards to employees who, as individuals or members of a group, contribute to meeting the performance goals and objectives established under this part by such means as a superior individual or group accomplishment, a documented productivity gain, or sustained superior performance.

“(B) LIMITATION.—Notwithstanding section 4502(b) of title 5, United States Code, the PBO may grant a cash award in an amount not exceeding \$25,000, with the approval of the Chief Operating Officer.

“(C) CLASSIFICATION AND PAY FLEXIBILITIES.—

“(1) IN GENERAL.—

“(A) DEFINITION.—For purposes of this section, the term ‘broad-banded system’ means a system for grouping positions for pay, job evaluation, and other purposes that is different from the system established under chapter 51 and subchapter III of chapter 53 of title 5, United States Code, as a result of combining grades and related ranges of rates of pay in 1 or more occupational series.

“(B) ESTABLISHMENT.—The PBO may, subject to criteria to be prescribed by the Office of Personnel Management, establish 1 or more broad-banded systems covering all or any portion of its workforce. The Office may require the PBO to submit to the Office such information relating to its broad-banded systems as the Office may require. Laws and regulations pertaining to General Schedule employees (other than chapter 52 and subchapter II of chapter 53 of title 5, United States Code) shall continue to be applicable to employees under a broad-banded system.

“(C) CRITERIA.—The criteria to be prescribed by the Office of Personnel Management shall, at a minimum—

“(i) ensure that the structure of any broad-banded system maintains, through linkage to the General Schedule, the principle of equal pay for substantially equal work;

“(ii) establish the minimum and maximum number of grades that may be combined into pay bands;

“(iii) establish requirements for adjusting the pay of an employee within a pay band;

“(iv) establish requirements for setting the pay of a supervisory employee whose position is in a pay band or who supervises employees whose positions are in pay bands; and

“(v) establish requirements and methodologies for setting the pay of an employee upon conversion to a broad-banded system, initial appointment, change of position or type of appointment (including promotion, demotion, transfer, reassignment, reinstatement, placement in another pay band, or movement to a different geographic location), and movement between a broad-banded system and another pay system.

“(2) ALTERNATIVE JOB EVALUATION SYSTEMS FLEXIBILITIES.—

“(A) IN GENERAL.—With the approval of the Office of Personnel Management in accordance with subsection (a)(4)(B), the PBO may establish 1 or more alternative job evaluation systems that include any positions or groups of positions that the PBO determines, for reasons of effective administration—

“(i) should not be classified under chapter 51 of title 5, United States Code, or paid under the General Schedule;

“(ii) should not be classified or paid under subchapter IV of chapter 53 of such title; or

“(iii) should not be paid under section 5376 of such title.

“(B) PAY.—

“(i) GENERAL LIMITATION.—An alternative job evaluation system established under this section that includes positions described in clause (i) or (ii), or both, of subparagraph (A) may not provide a rate of basic pay for any employee in excess of the maximum rate of pay under the General Schedule.

“(ii) SPECIFIC LIMITATION.—An alternative job evaluation system established under this section that includes positions described in clause (iii) of subparagraph (A) may not provide a rate of basic pay for any employee in excess of the annual rate of basic pay of the Chief Operating Officer under the first sentence of section 499(f)(3).

“(C) IMPLEMENTATION.—An alternative job evaluation system established under this section shall be implemented in such a way as to ensure the maintenance of the principle of equal pay for substantially equal work.

“(D) APPLICABILITY OF LAWS.—Except as otherwise provided under this part, employees under an alternative job evaluation system shall continue to be subject to the laws and regulations covering employees under the pay system that would otherwise apply to them. If the alternative job evaluation system combines employees from different pay systems into a single system, the plan submitted under subsection (a)(4)(B) shall address the applicability of the laws and regulations for the different pay systems.

“(d) STAFFING FLEXIBILITIES.—

“(1) APPOINTMENT.—

“(A) CONDITIONS.—Except as otherwise provided under this subsection, an employee of the PBO may be selected for a permanent appointment in the competitive service in the PBO through internal competitive promotion procedures if—

“(i) the employee has completed, in the competitive service, 2 years of current continuous service under a term appointment or any combination of term appointments;

“(ii) such term appointment or appointments were made under competitive procedures prescribed for permanent appointments;

“(iii) the employee’s performance under such term appointment or appointments met established retention standards; and

“(iv) the vacancy announcement for the term appointment from which the conversion is made stated that there was a potential for subsequent conversion to a permanent appointment.

“(B) SIMILAR APPOINTMENT.—An appointment under this section may be made only to a position in the same line of work as a position to which the employee received a term appointment under competitive procedures.

“(2) CATEGORY RATING SYSTEMS.—

“(A) IN GENERAL.—Notwithstanding subchapter I of chapter 33 of title 5, United States Code, the PBO may establish category rating systems for evaluating job applicants for positions in the competitive service. Qualified candidates under such rating systems shall be divided into 2 or more quality categories on the basis of relative degrees of merit, rather than assigned individual numerical ratings. Each applicant who meets the minimum qualification requirements for

the position to be filled shall be assigned to an appropriate category based on an evaluation of the applicant’s knowledge, skills, and abilities relative to those needed for successful performance in the position to be filled.

“(B) PREFERENCE ELIGIBLES.—Within each quality category established under subparagraph (A), preference eligibles shall be listed ahead of individuals who are not preference eligibles. For other than scientific and professional positions at or higher than level GS-9 (or equivalent), preference eligibles who have a compensable service-connected disability of 10 percent or more, and who meet the minimum qualification standards, shall be listed in the highest quality category.

“(C) SELECTION.—An appointing authority may select any applicant from the highest quality category or, if fewer than 3 candidates have been assigned to the highest quality category, from a merged category consisting of the highest and second highest quality categories. Notwithstanding the preceding sentence, the appointing authority may not pass over a preference eligible in the same or higher category from which selection is made, unless the requirements of section 3317(b) or 3318(b) of title 5, United States Code, as applicable, are satisfied.

“(3) EXCEPTED SERVICE.—The Chief Operating Officer may appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, not more than 25 technical and professional employees to administer the functions of the PBO. These employees may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

“(4) RULE OF CONSTRUCTION.—Notwithstanding paragraphs (1) through (3), no provision of this subsection exempts the PBO from—

“(A) any employment priorities established under direction of the President for the placement of surplus or displaced employees; or

“(B) its obligations under any court order or decree relating to the employment practices of the PBO or the Department of Education.

“SEC. 499B. PROCUREMENT FLEXIBILITY.

“(a) PROCUREMENT AUTHORITY.—Subject to the authority, direction, and control of the Secretary, the Chief Operating Officer of a PBO may exercise the authority of the Secretary to procure property and services in the performance of functions managed by the PBO. For the purposes of this section, the term ‘PBO’ includes the Chief Operating Officer of the PBO and any employee of the PBO exercising procurement authority under the preceding sentence.

“(b) APPLICABILITY OF PROCUREMENT LAWS.—Except to the extent otherwise authorized in this section, a PBO shall comply with all laws and regulations that are generally applicable to procurements of property and services by the head of an executive agency of the Federal Government.

“(c) USE OF MUTUAL BENEFIT CORPORATION.—The PBO may acquire services related to the title IV delivery system from any mutual benefit corporation that has the capability and capacity to meet the requirements for the system, as determined by the Chief Operating Officer of the PBO.

“(d) TWO-PHASE SOURCE-SELECTION PROCEDURES.—

“(1) IN GENERAL.—The PBO may use a two-phase process for selecting a source for a procurement of property or services.

“(2) FIRST PHASE.—The procedures for the first phase of the process for a procurement are as follows:

“(A) PUBLICATION OF NOTICE.—The contracting officer for the procurement shall publish a notice of the procurement in accordance with section 18 of the Office of Federal Procurement Policy Act (41 U.S.C. 416) and subsections (e), (f), and (g) of section 8 of the Small Business Act (15 U.S.C. 637), except that the notice shall include only the following:

“(i) A general description of the scope or purpose of the procurement that provides sufficient information on the scope or purpose for sources to make informed business decisions regarding whether to participate in the procurement.

“(ii) A description of the basis on which potential sources are to be selected to submit offers in the second phase.

“(iii) A description of the information that is to be required under subparagraph (B).

“(iv) Any additional information that the contracting officer determines appropriate.

“(B) INFORMATION SUBMITTED BY OFFERORS.—Each offeror for the procurement shall submit basic information, such as information on the offeror's qualifications, the proposed conceptual approach, costs likely to be associated with the proposed conceptual approach, and past performance of the offeror on Federal Government contracts, together with any additional information that is requested by the contracting officer.

“(C) SELECTION FOR SECOND PHASE.—The contracting officer shall select the offerors that are to be eligible to participate in the second phase of the process. The contracting officer shall limit the number of the selected offerors to the number of sources that the contracting officer determines is appropriate and in the best interests of the Federal Government.

“(3) SECOND PHASE.—

“(A) IN GENERAL.—The contracting officer shall conduct the second phase of the source selection process in accordance with sections 303A and 303B of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253a and 253b).

“(B) ELIGIBLE PARTICIPANTS.—Only the sources selected in the first phase of the process shall be eligible to participate in the second phase.

“(C) SINGLE OR MULTIPLE PROCUREMENTS.—The second phase may include a single procurement or multiple procurements within the scope, or for the purpose, described in the notice pursuant to paragraph (2)(A).

“(4) PROCEDURES CONSIDERED COMPETITIVE.—The procedures used for selecting a source for a procurement under this subsection shall be considered competitive procedures for all purposes.

“(e) USE OF SIMPLIFIED PROCEDURES FOR COMMERCIAL ITEMS.—Whenever the PBO anticipates that commercial items will be offered for a procurement, the PBO may use (consistent with the special rules for commercial items) the special simplified procedures for the procurement without regard to—

“(1) any dollar limitation otherwise applicable to the use of those procedures; and

“(2) the expiration of the authority to use special simplified procedures under section 4202(e) of the Clinger-Cohen Act of 1996 (110 Stat. 654; 10 U.S.C. 2304 note).

“(f) FLEXIBLE WAIT PERIODS AND DEADLINES FOR SUBMISSION OF OFFERS OF NON-COMMERCIAL ITEMS.—

“(1) AUTHORITY.—In carrying out a procurement, the PBO may—

“(A) apply a shorter waiting period for the issuance of a solicitation after the publication of a notice under section 18 Office of Federal Procurement Policy Act (41 U.S.C. 416) than is required under subsection (a)(3)(A) of such section; and

“(B) notwithstanding subsection (a)(3) of such section, establish any deadline for the submission of bids or proposals that affords potential offerors a reasonable opportunity to respond to the solicitation.

“(2) INAPPLICABILITY TO COMMERCIAL ITEMS.—Paragraph (1) does not apply to a procurement of a commercial item.

“(3) CONSISTENCY WITH APPLICABLE INTERNATIONAL AGREEMENTS.—If an international agreement is applicable to the procurement, any exercise of authority under paragraph (1) shall be consistent with the international agreement.

“(g) MODULAR CONTRACTING.—

“(1) IN GENERAL.—The PBO may satisfy the requirements of the PBO for a system incrementally by carrying out successive procurements of modules of the system. In doing so, the PBO may use procedures authorized under this subsection to procure any such module after the first module.

“(2) UTILITY REQUIREMENT.—A module may not be procured for a system under this subsection unless the module is useful independently of the other modules or useful in combination with another module previously procured for the system.

“(3) CONDITIONS FOR USE OF AUTHORITY.—The PBO may use procedures authorized under paragraph (4) for the procurement of an additional module for a system if—

“(A) competitive procedures were used for awarding the contract for the procurement of the first module for the system; and

“(B) the solicitation for the first module included—

“(i) a general description of the entire system that was sufficient to provide potential offerors with reasonable notice of the general scope of future modules;

“(ii) other information sufficient for potential offerors to make informed business judgments regarding whether to submit offers for the contract for the first module; and

“(iii) a statement that procedures authorized under this subsection could be used for awarding subsequent contracts for the procurement of additional modules for the system.

“(4) PROCEDURES.—If the procurement of the first module for a system meets the requirements set forth in paragraph (3), the PBO may award a contract for the procurement of an additional module for the system using any of the following procedures:

“(A) SOLE SOURCE.—Award of the contract on a sole-source basis to a contractor who was awarded a contract for a module previously procured for the system under competitive procedures or procedures authorized under subparagraph (B).

“(B) ADEQUATE COMPETITION.—Award of the contract on the basis of offers made by—

“(i) a contractor who was awarded a contract for a module previously procured for the system after having been selected for award of the contract under this subparagraph or other competitive procedures; and

“(ii) at least one other offeror that submitted an offer for a module previously procured for the system and is expected, on the basis of the offer for the previously procured module, to submit a competitive offer for the additional module.

“(C) OTHER.—Award of the contract under any other procedure authorized by law.

“(5) NOTICE REQUIREMENT.—

“(A) PUBLICATION.—Not less than 30 days before issuing a solicitation for offers for a contract for a module for a system under procedures authorized under subparagraph (A) or (B) of paragraph (4), the PBO shall publish in the Commerce Business Daily a notice of the intent to use such procedures to enter into the contract.

“(B) EXCEPTION.—Publication of a notice is not required under this paragraph with re-

spect to a use of procedures authorized under paragraph (4) if the contractor referred to in that subparagraph (who is to be solicited to submit an offer) has previously provided a module for the system under a contract that contained cost, schedule, and performance goals and the contractor met those goals.

“(C) CONTENT OF NOTICE.—A notice published under subparagraph (A) with respect to a use of procedures described in paragraph (4) shall contain the information required under section 18(b) of the Office of Federal Procurement Policy Act (41 U.S.C. 416(b)), other than paragraph (4) of such section, and shall invite the submission of any assertion that the use of the procedures for the procurement involved is not in the best interest of the Federal Government together with information supporting the assertion.

“(6) DOCUMENTATION.—The basis for an award of a contract under this subsection shall be documented. However, a justification pursuant to section 303(f) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(f)) or section 8(h) of the Small Business Act (15 U.S.C. 637(h)) is not required.

“(7) SIMPLIFIED SOURCE-SELECTION PROCEDURES.—The PBO may award a contract under any other simplified procedures prescribed by the PBO for the selection of sources for the procurement of modules for a system, after the first module, that are not to be procured under a contract awarded on a sole-source basis.

“(h) USE OF SIMPLIFIED PROCEDURES FOR SMALL BUSINESS SET-ASIDES FOR SERVICES OTHER THAN COMMERCIAL ITEMS.—

“(1) AUTHORITY.—The PBO may use special simplified procedures for a procurement of services that are not commercial items if—

“(A) the procurement is in an amount not greater than \$1,000,000;

“(B) the procurement is conducted as a small business set-aside pursuant to section 15(a) of the Small Business Act (15 U.S.C. 644(a)); and

“(C) the price charged for supplies associated with the services procured are items of supply expected to be less than 20 percent of the total contract price.

“(2) INAPPLICABILITY TO CERTAIN PROCUREMENTS.—The authority set forth in paragraph (1) may not be used for—

“(A) an award of a contract on a sole-source basis; or

“(B) a contract for construction.

“(i) GUIDANCE FOR USE OF AUTHORITY.—

“(1) ISSUANCE BY PBO.—The Chief Operating Officer of the PBO, in consultation with the Administrator for Federal Procurement Policy, shall issue guidance for the use by PBO personnel of the authority provided in this section.

“(2) GUIDANCE FROM OFPP.—As part of the consultation required under paragraph (1), the Administrator for Federal Procurement Policy shall provide the PBO with guidance that is designed to ensure, to the maximum extent practicable, that the authority under this section is exercised by the PBO in a manner that is consistent with the exercise of the authority by the heads of the other performance-based organizations.

“(3) COMPLIANCE WITH OFPP GUIDANCE.—The head of the PBO shall ensure that the procurements of the PBO under this section are carried out in a manner that is consistent with the guidance provided for the PBO under paragraph (2).

“(j) LIMITATION ON MULTIAGENCY CONTRACTING.—No department or agency of the Federal Government may purchase property or services under contracts entered into or administered by a PBO under this section unless the purchase is approved in advance



by the senior procurement official of that department or agency who is responsible for purchasing by the department or agency.

“(k) LAWS NOT AFFECTED.—Nothing in this section shall be construed to waive laws for the enforcement of civil rights or for the establishment and enforcement of labor standards that are applicable to contracts of the Federal Government.

“(l) DEFINITIONS.—In this section:

“(1) COMMERCIAL ITEM.—The term ‘commercial item’ has the meaning given the term in section 4(12) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)).

“(2) COMPETITIVE PROCEDURES.—The term ‘competitive procedures’ has the meaning given the term in section 309(b) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 259(b)).

“(3) MUTUAL BENEFIT CORPORATION.—The term ‘mutual benefit corporation’ means a corporation organized and chartered as a mutual benefit corporation under the laws of any State governing the incorporation of nonprofit corporations.

“(4) SOLE-SOURCE BASIS.—The term ‘sole-source basis’, with respect to an award of a contract, means that the contract is awarded to a source after soliciting an offer or offers from, and negotiating with, only that source.

“(5) SPECIAL RULES FOR COMMERCIAL ITEMS.—The term ‘special rules for commercial items’ means the regulations set forth in the Federal Acquisition Regulation pursuant to section 303(g)(1) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)(1)) and section 31 of the Office of Federal Procurement Policy Act (41 U.S.C. 427).

“(6) SPECIAL SIMPLIFIED PROCEDURES.—The term ‘special simplified procedures’ means the procedures applicable to purchases of property and services for amounts not greater than the simplified acquisition threshold that are set forth in the Federal Acquisition Regulation pursuant to section 303(g)(1)(B) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)(1)(A)) and section 31(a)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 427(a)(1)).”

#### SEC. 496. STUDENT LOAN OMBUDSMAN OFFICE.

Title IV (20 U.S.C. 1070 et seq.) is amended by adding after part I (as added by section 495) the following:

##### “PART J—STUDENT LOAN OMBUDSMAN OFFICE

#### “SEC. 499F. STUDENT LOAN OMBUDSMAN OFFICE.

“(a) OFFICE ESTABLISHED.—The Secretary shall establish, within the Department, a Student Loan Ombudsman Office.

“(b) INDEPENDENCE OF STUDENT LOAN OMBUDSMAN OFFICE.—In the exercise of its functions, powers, and duties, the Student Loan Ombudsman Office shall be independent of the Secretary and the other offices and officers of the Department.

“(c) STUDENT LOAN OMBUDSMAN.—The Student Loan Ombudsman Office shall be managed by the Student Loan Ombudsman, who shall be appointed by the Secretary to a 5-year term. The Secretary shall appoint the Student Loan Ombudsman not later than 6 months after the date of enactment of the Higher Education Amendments of 1998. The appointment shall be made without regard to political affiliation or activity. The Secretary may reappoint the Student Loan Ombudsman to subsequent terms.

“(d) DUTIES AND RESPONSIBILITIES.—The Student Loan Ombudsman Office shall—

“(1) directly assist student loan borrowers with loans made, insured, or guaranteed under this title;

“(2) ensure that student loan borrower complaints and requests for assistance are promptly resolved and responded to by the

Secretary, contractors or servicers, guaranty agencies, lenders, and other loan holders, or the agents of such individuals or entities;

“(3) investigate and resolve complaints of student loan borrowers;

“(4) provide information on the experience of borrowers with respect to existing and proposed statutes, regulations, and Department directives and actions;

“(5) track and analyze complaint data by loan program, institution, lender, guaranty agency, and servicer, as applicable; and

“(6) report annually to the appropriate committees of Congress, which report shall be made available to the public, regarding the responsibilities and performance of the Student Loan Ombudsman Office, including an analysis of complaint data described in paragraph (5).

“(e) STUDENT LOAN OMBUDSMAN OFFICE ACCESS TO RECORDS.—The Student Loan Ombudsman Office shall, upon presentation of a signed release form from a student loan borrower, have full and complete access to all records regarding the borrower's loan and education program that are necessary to carry out the Student Loan Ombudsman's duties. The Student Loan Ombudsman shall maintain personal identifying information in the strictest confidence and use such information only for the purpose of assisting the borrower in pursuing resolution of the individual's complaint, unless written authorization is obtained to use such information for other specified purposes.

“(f) ACCESSIBILITY FOR BORROWERS.—The Student Loan Ombudsman Office shall maintain a toll-free telephone number and Internet web site for receiving borrower complaints.

“(g) NOTIFICATION TO BORROWERS.—The Student Loan Ombudsman Office shall encourage maximum outreach to borrowers by all appropriate parties, including the Department, Congress, lenders, institutions of higher education, loan servicers, and guaranty agencies, to provide ongoing notice, to student loan borrowers, of the Student Loan Ombudsman Office. Such notice, including the toll-free telephone number, at a minimum, shall be given to borrowers in publications and on Internet web sites.

“(h) CONFLICT OF INTEREST.—Employees of the Student Loan Ombudsman Office shall not be employees or officers of any participant in the student loan programs under this Act (other than the Department), including any lender, guaranty agency, proprietary institution of higher education, postsecondary vocational institution, institution of higher education, loan servicer, collections agency, or trade association or education advocacy group representing any such entity. The Student Loan Ombudsman Office shall avoid all conflicts of interest and appearances of impropriety.

“(i) SUPPLEMENT AND NOT SUPPLANT.—The remedies and procedures of the Student Loan Ombudsman Office shall supplement and not supplant any other consumer remedies and procedures available to borrowers.

“(j) FUNDING.—In each fiscal year, not less than \$2,000,000 of the amount appropriated for the fiscal year for salaries and expenses at the Department shall be available to carry out this section.”

On page 605, line 3, strike “C, and D” and insert “D, and E”.

On page 605, line 6, strike “511 through 515” and insert “501 through 505”.

On page 605, lines 8 and 9, strike “521 through 527” and insert “511 through 517”.

On page 605, line 19, strike “514(a)” and insert “504(a)”.

On page 605, line 21, strike “513” and insert “503”.

On page 606, line 1, strike “524(b)(7)” and insert “514(b)(7)”.

On page 606, line 3, strike “525” and insert “515”.

On page 606, line 4, strike “525(c)” and insert “515(c)”.

On page 606, line 7, strike “526(a)” and insert “516(a)”.

On page 606, line 9, strike “524(b)(2)” and insert “514(b)(2)”.

On page 607, line 17, strike “and”.

On page 607, between lines 20 and 21, insert the following:

“(iii) encourage talented individuals from underrepresented groups to pursue faculty careers in higher education; and

On page 607, line 26, strike “511” and insert “501”.

On page 609, line 8, strike “512” and insert “502”.

On page 610, line 14, strike “513” and insert “503”.

On page 611, line 16, strike “515” and insert “505”.

On page 611, line 23, strike “523” and insert “513”.

On page 612, line 16, strike “524(b)” and insert “514(b)”.

On page 613, line 11, strike “525” and insert “515”.

On page 613, line 22, strike “526(a)(1)” and insert “516(a)(1)”.

On page 614, line 15, strike “527” and insert “517”.

On page 614, between lines 17 and 18, insert the following:

#### PART C—FACULTY DEVELOPMENT PROGRAM

#### SEC. 531. FACULTY DEVELOPMENT PROGRAM RE-AUTHORIZED.

Title V (20 U.S.C. 1101 et seq.) is amended further by inserting after part B (as redesignated by section 501(a)(3)) the following:

##### “PART C—FACULTY DEVELOPMENT FELLOWSHIPS

#### “SEC. 521. FACULTY DEVELOPMENT FELLOWSHIPS AUTHORIZED.

“(a) IN GENERAL.—The Secretary shall make grants to institutions of higher education, or consortia of such institutions, to enable such institutions to award fellowships to talented graduate students in order to increase the access of individuals from underrepresented groups to pursue graduate study, and to teach in institutions of higher education.

“(b) UNDERREPRESENTED GROUPS DEFINED.—For the purpose of this part, the term ‘underrepresented groups’ means African Americans, Hispanic Americans, Asian Americans, Native Americans, Pacific Islanders, Native Hawaiians, and individuals who are pursuing graduate study in academic disciplines in which the individuals are underrepresented for the individuals’ gender.

“(c) PREFERENCE.—In making awards under this part, the Secretary shall give preference to applicants with a demonstrated record of—

“(1) admitting students from the Ronald E. McNair Postbaccalaureate Achievement Program or a program with a similar purpose;

“(2) graduating individuals from groups underrepresented in graduate education; and

“(3) placing the graduates of the institution or consortium in faculty positions in institutions of higher education.

“(d) REPORTING.—Each institution of higher education or consortium receiving a grant under this section shall, on an annual basis, provide to the Secretary evidence regarding—

“(1) the success of the institution in attracting underrepresented students into graduate programs;

“(2) graduating the students; and

“(3) the success of each graduate in obtaining a faculty position in an institution of higher education.

“(e) APPLICATION REQUIRED.—

“(1) IN GENERAL.—Each academic department or program of an institution of higher education desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

“(2) ADDITIONAL ASSURANCES.—Each application submitted pursuant to paragraph (1) shall—

“(A) provide an assurance that, in the event that funds made available to the academic department or program under this part are insufficient to provide assistance due a student under a commitment entered into between the academic department and the student, the academic department or program will endeavor, from funds available to the department or program, to fulfill the commitment made to the student; and

“(B) contain such other assurances as the Secretary may reasonably require.

“(3) APPROVAL OF APPLICATIONS.—The Secretary shall prescribe criteria for the approval of applications submitted under paragraph (1).

“(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part \$30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.”

On page 614, line 18, strike “PART C” and insert “PART D”.

On page 614, line 19, strike “531” and insert “541”.

On page 615, line 5, strike “PART D” and insert “PART E”.

On page 615, line 7, strike “541” and insert “551”.

On page 617, line 7, strike “PART E” and insert “PART F”.

On page 617, line 10, strike “551” and insert “561”.

On page 617, line 15, strike “PART E” and insert “PART F”.

On page 620, line 19, strike “PART F” and insert “PART G”.

On page 620, between lines 19 and 20, insert the following:

#### SEC. 580. FINDINGS.

Congress makes the following findings:

(1) Hispanic Americans are at high risk of not enrolling or graduating from institutions of higher education.

(2) Disparities between the enrollment of non-Hispanic white students and Hispanic students in postsecondary education are increasing. Between 1973 and 1994, enrollment of white secondary school graduates in 4-year institutions of higher education increased at a rate 2 times higher than that of Hispanic secondary school graduates.

(3) Despite significant limitations in resources, Hispanic-serving institutions provide a significant proportion of postsecondary opportunities for Hispanic students.

(4) Relative to other institutions of higher education, Hispanic-serving institutions are underfunded. Such institutions receive significantly less in State and local funding, per full-time equivalent student, than other institutions of higher education.

(5) Hispanic-serving institutions are succeeding in educating Hispanic students despite significant resource problems that—

(A) limit the ability of such institutions to expand and improve the academic programs of such institutions; and

(B) could imperil the financial and administrative stability of such institutions.

(6) There is a national interest in remedying the disparities described in paragraphs (2) and (4) and ensuring that Hispanic students have an equal opportunity to pursue postsecondary opportunities.

On page 626, line 11, strike “PART G” and insert “PART H”.

On page 626, lines 12 and 13, strike “PARTS A AND B” and insert “PARTS A, B, AND C”.

On page 626, line 17, strike “parts A and B” and insert “parts A, B, and C”.

On page 626, line 25, strike “parts A and B” and insert “parts A, B, and C”.

On page 627, line 10, strike “513(b)” and insert “503(b)”.

On page 627, line 11, strike “526” and insert “516”.

On page 627, lines 16 and 17, strike “part A or B” and insert “part A, B, or C”.

On page 626, strike line 11, and insert the following:

#### “PART G—THURGOOD MARSHALL LEGAL EDUCATIONAL OPPORTUNITY PROGRAM “SEC. 588. LEGAL EDUCATIONAL OPPORTUNITY PROGRAM.

“(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as the ‘Thurgood Marshall Legal Educational Opportunity Program’ designed to provide low-income, minority, or disadvantaged college students with the information, preparation, and financial assistance to gain access to and complete law school study.

“(b) ELIGIBILITY.—A college student is eligible for assistance under this section if the student is—

“(1) from a low-income family;

“(2) a minority; or

“(3) from an economically or otherwise disadvantaged background.

“(c) CONTRACT OR GRANT AUTHORIZED.—The Secretary is authorized to enter into a contract with, or make a grant to, the Council on Legal Education Opportunity, for a period of not less than 5 years—

“(1) to identify college students who are from low-income families, are minorities, or are from disadvantaged backgrounds described in subsection (b)(3);

“(2) to prepare such students for study at accredited law schools;

“(3) to assist such students to select the appropriate law school, make application for entry into law school, and receive financial assistance for such study;

“(4) to provide support services to such students who are first-year law students to improve retention and success in law school studies; and

“(5) to motivate and prepare such students with respect to law school studies and practice in low-income communities.

“(d) SERVICES PROVIDED.—In carrying out the purposes described in subsection (c), the contract or grant shall provide for the delivery of services through prelaw information resource centers, summer institutes, midyear seminars, and other educational activities, conducted under this section. Such services may include—

“(1) information and counseling regarding—

“(A) accredited law school academic programs, especially tuition, fees, and admission requirements;

“(B) course work offered and required for graduation;

“(C) faculty specialties and areas of legal emphasis; and

“(D) undergraduate preparatory courses and curriculum selection;

“(2) tutoring and academic counseling, including assistance in preparing for bar examinations;

“(3) prelaw mentoring programs, involving law school faculty, members of State and local bar associations, and retired and sitting judges, justices, and magistrates;

“(4) assistance in identifying preparatory courses and material for the law school aptitude or admissions tests;

“(5) summer institutes for Thurgood Marshall Fellows that expose the Fellows to a rigorous curriculum that emphasizes ab-

stract thinking, legal analysis, research, writing, and examination techniques; and

“(6) midyear seminars and other educational activities that are designed to reinforce reading, writing, and studying skills of Thurgood Marshall Fellows.

“(e) DURATION OF THE PROVISION OF SERVICES.—The services described in subsection (d) may be provided—

“(1) prior to the period of law school study;

“(2) during the period of law school study;

and

“(3) during the period following law school study and prior to taking a bar examination.

“(f) SUBCONTRACTS AND SUBGRANTS.—For the purposes of planning, developing, or delivering one or more of the services described in subsection (d), the Council on Legal Education Opportunity shall enter into subcontracts with, and make subgrants to, institutions of higher education, law schools, public and private agencies and organizations, and combinations of such institutions, schools, agencies, and organizations.

“(g) STIPENDS.—The Secretary shall annually establish the maximum stipend to be paid (including allowances for participant travel and for the travel of the dependents of the participant) to Thurgood Marshall Fellows for the period of participation in summer institutes and midyear seminars. A Fellow may be eligible for such a stipend only if the Fellow maintains satisfactory academic progress toward the Juris Doctor or Bachelor of Laws degree, as determined by the respective institutions.

“(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$5,000,000 for fiscal year 1999 and each of the 4 succeeding fiscal years.

#### “PART H—GENERAL PROVISIONS

On page 651, between lines 17 and 18, insert the following:

#### SEC. 713. NAVAJO COMMUNITY COLLEGE ACT.

Section 5(a)(1) of the Navajo Community College Act (25 U.S.C. 640c-1(a)(1)) is amended by striking “1993” and inserting “1999”.

On page 657, line 8, insert “or member” after “division”.

On page 657, line 9, strike “the” and insert “a”.

On page 661, line 6, strike “the” and insert “a”.

On page 661, line 11, strike “the” and insert “a”.

On page 661, line 20, strike “the” and insert “a”.

On page 662, line 5, strike “the” and insert “a”.

On page 670, between lines 7 and 8, insert the following:

#### PART F—WEB-BASED EDUCATION COMMISSION

#### SEC. 753. SHORT TITLE; DEFINITIONS.

(a) IN GENERAL.—This part may be cited as the “Web-Based Education Commission Act”.

(b) DEFINITIONS.—In this part:

(1) COMMISSION.—The term “Commission” means the Web-Based Education Commission established under section 754.

(2) INFORMATION TECHNOLOGY.—The term “information technology” has the meaning given that term in section 5002 of the Information Technology Management Reform Act of 1996 (110 Stat. 679).

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

#### SEC. 754. ESTABLISHMENT OF WEB-BASED EDUCATION COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the Web-Based Education Commission.

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of 14 members, of which—

(A) 3 members shall be appointed by the President, from among individuals representing the Internet technology industry;

(B) 3 members shall be appointed by the Secretary, from among individuals with expertise in accreditation, establishing statewide curricula, and establishing information technology networks pertaining to education curricula;

(C) 2 members shall be appointed by the Majority Leader of the Senate;

(D) 2 members shall be appointed by the Minority Leader of the Senate;

(E) 2 members shall be appointed by the Speaker of the House of Representatives; and

(F) 2 members shall be appointed by the Minority Leader of the House of Representatives.

(2) DATE.—The appointments of the members of the Commission shall be made not later than 45 days after the date of enactment of this Act.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) INITIAL MEETING.—No later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(e) MEETINGS.—The Commission shall meet at the call of the Chairperson.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—The Commission shall select a chairperson and vice chairperson from among its members.

#### SEC. 755. DUTIES OF THE COMMISSION.

(a) STUDY.—

(1) IN GENERAL.—The Commission shall conduct a thorough study to assess the educational software available in retail markets for secondary and postsecondary students who choose to use such software.

(2) PUBLIC HEARINGS.—As part of the study conducted under this subsection, the Commission shall hold public hearings in each region of the United States concerning the assessment referred to in paragraph (1).

(3) EXISTING INFORMATION.—To the extent practicable, in carrying out the study under this subsection, the Commission shall identify and use existing information related to the assessment referred to in paragraph (1).

(b) REPORT.—Not later than 6 months after the first meeting of the Commission, the Commission shall submit a report to the President and Congress that shall contain a detailed statement of the findings and conclusions of the Commission resulting from the study, together with its recommendations—

(1) for such legislation and administrative actions as the Commission considers to be appropriate; and

(2) regarding the appropriate Federal role in determining quality educational software products.

(c) FACILITATION OF EXCHANGE OF INFORMATION.—In carrying out the study under subsection (a), the Commission shall, to the extent practicable, facilitate the exchange of information concerning the issues that are the subject of the study among—

(1) officials of the Federal Government, and State governments and political subdivisions of States; and

(2) educators from Federal, State, and local institutions of higher education and secondary schools.

#### SEC. 756. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out the purposes of this part.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this part. Upon request of the Chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(d) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

#### SEC. 757. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—Except as provided in subsection (b), each member of the Commission who is not an officer or employee of the Federal Government shall serve without compensation. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

#### SEC. 758. TERMINATION OF THE COMMISSION.

The Commission shall terminate on the date that is 90 days after the date on which the Commission submits its report under section 755(b).

#### SEC. 759. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated \$650,000 for fiscal year 1999 to the Commission to carry out this part.

(b) AVAILABILITY.—Any sums appropriated under the authorization contained in this section shall remain available, without fiscal year limitation, until expended.

On page 686, beginning with line 15, strike all through page 687, line 12, and insert the following:

#### SEC. 791. YEAR 2000 REQUIREMENTS AT THE DEPARTMENT OF EDUCATION.

In order to ensure that the processing, delivery, and administration of grant, loan, and work assistance provided under title IV of the Higher Education Act of 1965 is not interrupted due to operational problems related to the inability of computer systems to indicate accurately dates after December 31, 1999, the Secretary shall—

(1) take such actions as are necessary to ensure that all internal and external systems, hardware and data exchange infrastructure administered by the Department of Education that are necessary for the processing, delivery, and administration of the grant, loan, and work assistance are year 2000 compliant, such that there will be no business interruption after December 31, 1999;

(2) ensure that the Robert T. Stafford Federal Student Loan Program and the William D. Ford Federal Direct Loan Program are equal in level of priority with respect to addressing, and that resources are managed to provide for successful resolution of, the year 2000 computer problem in both programs by December 31, 1999;

(3) work with institutions of higher education, guaranty agencies, third party servicers, and other persons to ensure successful data exchanges necessary for the processing, delivery, and administration of the grant, loan, and work assistance;

(4) ensure that the Inspector General of the Department of Education (or an external, independent entity selected by the Inspector General) performs and publishes a risk assessment of the systems and hardware under the Department's management, that has been reviewed by an independent entity, and make such assessment publicly available not later than 60 days after the date of enactment of the Higher Education Amendments of 1998;

(5) not later than June 30, 1999, ensure that the Inspector General (or an external, independent entity selected by the Inspector General) conducts a review of the Department's Year 2000 compliance for the processing, delivery, and administration systems and data exchange systems for the grant, loan, and work assistance, and submits a report reflecting the results of that review to the Chairperson of the Committee on Labor and Human Resources of the Senate and the Chairperson of the Committee on Education and the Workforce of the House of Representatives;

(6) develop a contingency plan to ensure the programs under title IV of the Higher Education Act of 1965 will continue to run uninterrupted in the event of a computer failure after December 31, 1999, which the contingency plan shall include a prioritization of mission critical systems and strategies to allow data partners to transfer data; and

(7) alert Congress at the earliest possible time if mission critical deadlines will not be met.

On page 687, after line 12, add the following:

#### SEC. 792. GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON CAMPUSES.

(a) GRANTS AUTHORIZED.—

(1) IN GENERAL.—The Attorney General is authorized to make grants to institutions of higher education, for use by consortia consisting of campus personnel, student organizations, campus administrators, security

personnel, and regional crisis centers affiliated with the institution, to develop and strengthen effective security and investigation strategies to combat violent crimes against women on campuses, and to develop and strengthen victim services in cases involving violent crimes against women on campuses, which may include partnerships with local criminal justice authorities and community-based victim services agencies.

(2) **AWARD BASIS.**—The Attorney General shall award grants and contracts under this section on a competitive basis.

(3) **EQUITABLE PARTICIPATION.**—The Attorney General shall make every effort to ensure—

(A) the equitable participation of private and public institutions of higher education in the activities assisted under this section; and

(B) the equitable geographic distribution of grants under this section among the various regions of the United States.

(b) **USE OF GRANT FUNDS.**—Grants funds awarded under this section may be used for the following purposes:

(1) To provide personnel, training, technical assistance, data collection, and other equipment with respect to the increased apprehension, investigation, and adjudication of persons committing violent crimes against women on campus.

(2) To train campus administrators and campus security personnel to more effectively identify and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(3) To develop, train, or expand campus security personnel and campus administrators with respect to specifically targeting violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(4) To develop and implement more effective campus policies, protocols, orders, and services specifically devoted to prevent, identify, and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(5) To develop, install, or expand data collection and communication systems, including computerized systems, linking campus security to the local law enforcement for the purpose of identifying and tracking arrests, protection orders, violations of protection orders, prosecutions, and convictions with respect to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(6) To develop, enlarge, or strengthen victim services programs for the campus and to improve delivery of victim services on campus.

(7) To provide capital improvements on campus to address violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(8) To support improved coordination among campus administrators, campus security personnel, and local law enforcement to reduce violent crimes against women on campus.

(c) **APPLICATIONS.**—

(1) **IN GENERAL.**—In order to be eligible to be awarded a grant under this section for any fiscal year, an institution of higher education shall submit an application to the Attorney General at such time and in such manner as the Attorney General shall prescribe.

(2) **CONTENTS.**—Each application submitted under paragraph (1) shall—

(A) describe the need for grant funds and the plan for implementation for any of the purposes described in subsection (b);

(B) describe how the campus authorities shall consult and coordinate with nonprofit, nongovernmental victim services programs, including sexual assault and domestic violence victim services programs;

(C) describe the characteristics of the population being served, including type of campus, demographics of the population, and number of students;

(D) provide measurable goals and expected results from the use of the grants funds;

(E) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, increase the level of funds that would, in the absence of Federal funds, be made available by the institution for the purposes described in subsection (b); and

(F) include such other information and assurances as the Attorney General reasonably determines to be necessary.

(d) **GRANTEE REPORTING.**—Each institution of higher education receiving a grant under this section, upon completion of the grant period under this section, shall file a performance report with the Attorney General explaining the activities carried out under the grant, together with an assessment of the effectiveness of the activities in achieving the purposes described in subsection (b).

(e) **DEFINITIONS.**—In this section—

(1) the term “domestic violence” includes acts or threats of violence, not including acts of self defense, committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction, or by any other person against a victim who is protected from that person’s acts under the domestic or family violence laws of the jurisdiction;

(2) the term “sexual assault” means any conduct proscribed by chapter 109A of title 18, United States Code, whether or not the conduct occurs in the special maritime and territorial jurisdiction of the United States or in a Federal prison, including both assaults committed by offenders who are strangers to the victim and assaults committed by offenders who are known or related by blood or marriage to the victim; and

(3) the term “victim services” means a nonprofit, nongovernmental organization that assists domestic violence or sexual assault victims, including campus women’s centers, rape crisis centers, battered women’s shelters, and other sexual assault or domestic violence programs, including campus counseling support and victim advocate organizations with domestic violence, stalking, and sexual assault programs, whether or not organized and staffed by students.

(f) **GENERAL TERMS AND CONDITIONS.**—

(1) **NONMONETARY ASSISTANCE.**—In addition to the assistance provided under this section, the Attorney General may request any Federal agency to use the agency’s authorities and the resources granted to the agency under Federal law (including personnel, equipment, supplies, facilities, and managerial, technical, and advisory services) in support of campus security, and investigation and victim service efforts.

(2) **REPORTING.**—Not later than 180 days after the end of the fiscal year for which grants are awarded under this section, the Attorney General shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and crime, a report that includes—

(A) the number of grants, and the amount of funds, distributed under this section;

(B) a summary of the purposes for which the grants were provided and an evaluation of the progress made under the grant;

(C) a statistical summary of the persons served, detailing the nature of victimization, and providing data on age, sex, race, ethnicity, language, disability, relationship to offender, geographic distribution, and type of campus; and

(D) an evaluation of the effectiveness of programs funded under this section.

(3) **REGULATIONS OR GUIDELINES.**—Not later than 120 days after the date of enactment of this section, the Secretary shall publish proposed regulations or guidelines implementing this section. Not later than 180 days after the date of enactment of this section, the Attorney General shall publish final regulations or guidelines implementing this section.

(g) **AUTHORIZATION OF APPROPRIATIONS.**—For the purpose of carrying out this section, there are authorized to be appropriated \$10,000,000 for each of the fiscal years 1999 through 2002.

#### **SEC. 793. AUTHORITY TO ADMINISTER SUMMER TRAVEL AND WORK PROGRAMS.**

The Director of the United States Information Agency is authorized to administer summer travel and work programs without regard to preplacement requirements.

#### **SEC. 794. IMPROVING UNITED STATES UNDERSTANDING OF SCIENCE, ENGINEERING, AND TECHNOLOGY IN EAST ASIA.**

(a) **ESTABLISHMENT.**—The Director of the National Science Foundation is authorized, beginning in fiscal year 2000, to carry out an interdisciplinary program of education and research on East Asian science, engineering, and technology. The Director shall carry out the interdisciplinary program in consultation with the Secretary of Education.

(b) **PURPOSES.**—The purposes of the program established under this section shall be to—

(1) increase understanding of East Asian research, and innovation for the creative application of science and technology to the problems of society;

(2) provide scientists, engineers, technology managers, and students with training in East Asian languages, and with an understanding of research, technology, and management of innovation, in East Asian countries;

(3) provide program participants with opportunities to be directly involved in scientific and engineering research, and activities related to the management of scientific and technological innovation, in East Asia; and

(4) create mechanisms for cooperation and partnerships among United States industry, universities, colleges, not-for-profit institutions, Federal laboratories (within the meaning of section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6))), and government, to disseminate the results of the program assisted under this section for the benefit of United States research and innovation.

(c) **PARTICIPATION BY FEDERAL SCIENTISTS, ENGINEERS, AND MANAGERS.**—Scientists, engineers, and managers of science and engineering programs in Federal agencies and the Federal laboratories shall be eligible to participate in the program assisted under this section on a reimbursable basis.

(d) **REQUIREMENT FOR MERIT REVIEW.**—Awards made under the program established under this section shall only be made using a competitive, merit-based review process.

(e) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to carry out this section \$10,000,000 for fiscal year 2000.

# SEC. 795. UNDERGROUND RAILROAD EDUCATIONAL AND CULTURAL PROGRAM.

(a) PROGRAM ESTABLISHED.—The Secretary of Education, in consultation and cooperation with the Secretary of the Interior, is authorized to make grants to 1 or more nonprofit educational organizations that are established to research, display, interpret, and collect artifacts relating to the history of the Underground Railroad.

(b) GRANT AGREEMENT.—Each nonprofit educational organization awarded a grant under this section shall enter into an agreement with the Secretary of Education. Each such agreement shall require the organization—

(1) to establish a facility to house, display, and interpret the artifacts related to the history of the Underground Railroad, and to make the interpretive efforts available to institutions of higher education that award a baccalaureate or graduate degree;

(2) to demonstrate substantial private support for the facility through the implementation of a public-private partnership between a State or local public entity and a private entity for the support of the facility, which private entity shall provide matching funds for the support of the facility in an amount equal to 4 times the amount of the contribution of the State or local public entity, except that not more than 20 percent of the matching funds may be provided by the Federal Government;

(3) to create an endowment to fund any and all shortfalls in the costs of the on-going operations of the facility;

(4) to establish a network of satellite centers throughout the United States to help disseminate information regarding the Underground Railroad throughout the United States, if such satellite centers raise 80 percent of the funds required to establish the satellite centers from non-Federal public and private sources;

(5) to establish the capability to electronically link the facility with other local and regional facilities that have collections and programs which interpret the history of the Underground Railroad; and

(6) to submit, for each fiscal year for which the organization receives funding under this section, a report to the Secretary of Education that contains—

(A) a description of the programs and activities supported by the funding;

(B) the audited financial statement of the organization for the preceding fiscal year;

(C) a plan for the programs and activities to be supported by the funding as the Secretary may require; and

(D) an evaluation of the programs and activities supported by the funding as the Secretary may require.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$6,000,000 for fiscal year 1999, \$6,000,000 for fiscal year 2000, \$6,000,000 for fiscal year 2001, \$3,000,000 for fiscal year 2002, and \$3,000,000 for fiscal year 2003.

## SEC. 796. GNMA GUARANTEE FEE.

(a) IN GENERAL.—Section 306(g)(3)(A) of the National Housing Act (12 U.S.C. 1721(g)(3)(A)) is amended by striking “No fee or charge” and all that follows through “(States)” and inserting “The Association shall assess and collect a fee in an amount equal to 9 basis points”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2002.

## SEC. 797. PROTECTION OF STUDENT SPEECH AND ASSOCIATION RIGHTS.

(a) PROTECTION OF RIGHTS.—It is the sense of Congress that no student attending an institution of higher education on a full- or

part-time basis should, on the basis of participation in protected speech or protected association, be excluded from participation in, be denied the benefits of, or be subjected to discrimination or official sanction under any education program, activity, or division of the institution directly or indirectly receiving financial assistance under the Higher Education Act of 1965, whether or not such program, activity, or division is sponsored or officially sanctioned by the institution.

(b) CONSTRUCTION.—Nothing in this section shall be construed—

(1) to discourage the imposition of an official sanction on a student that has willfully participated in the disruption or attempted disruption of a lecture, class, speech, presentation, or performance made or scheduled to be made under the auspices of the institution of higher education; or

(2) to prevent an institution of higher education from taking appropriate and effective action to prevent violations of State liquor laws, to discourage binge drinking and other alcohol abuse, to protect students from sexual harassment including assault and date rape, or to regulate unsanitary or unsafe conditions in any student residence.

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

(1) OFFICIAL SANCTION.—The term “official sanction”—

(A) means expulsion, suspension, probation, censure, condemnation, reprimand, or any other disciplinary, coercive, or adverse action taken by an institution of higher education or administrative unit of the institution; and

(B) includes an oral or written warning made by an official of an institution of higher education acting in the official capacity of the official.

(2) PROTECTED ASSOCIATION.—The term “protected association” means the joining, assembling, and residing with others that is protected under the first and 14th amendments to the Constitution, or would be protected if the institution of higher education involved were subject to those amendments.

(3) PROTECTED SPEECH.—The term “protected speech” means speech that is protected under the first and 14th amendments to the Constitution, or would be protected if the institution of higher education involved were subject to those amendments.

## SEC. 798. BINGE DRINKING ON COLLEGE CAMPUSES.

(a) SHORT TITLE.—This section may be cited as the “Collegiate Initiative To Reduce Binge Drinking”.

(b) FINDINGS.—Congress makes the following findings:

(1) Many college president rank alcohol abuse as the number one problem on campus.

(2) Alcohol is a factor in the 3 leading causes of death (accidents, homicides, and suicides) for individuals aged 15 through 24.

(3) More than any other group, college students tend to consume large numbers of drinks in rapid succession with the intention of becoming drunk.

(4) 84 percent of college students report drinking alcohol during the school year, with 44 percent of all college students qualifying as binge drinkers and 19 percent of all college students qualifying as frequent binge drinkers.

(5) Alcohol is involved in a large percentage of all campus rapes, violent crimes, student suicides, and fraternity hazing accidents.

(6) Heavy alcohol consumption on college campuses can result in drunk driving crashes, hospitalization for alcohol overdoses, trouble with police, injury, missed classes, and academic failure.

(7) The secondhand effects of student alcohol consumption range from assault, prop-

erty damage, and unwanted sexual advances, to interruptions in study or sleep, or having to “babysit” another student who drank too much.

(8) Campus binge drinking can also lead to the death of our Nation’s young and promising students.

(c) SENSE OF CONGRESS.—It is the sense of Congress that, in an effort to change the culture of alcohol consumption on college campuses, all institutions of higher education should carry out the following:

(1) The president of the institution should appoint a task force consisting of school administrators, faculty, students, Greek system representatives, and others to conduct a full examination of student and academic life at the institution. The task force should make recommendations for a broad range of policy and program changes that would serve to reduce alcohol and other drug-related problems. The institution should provide resources to assist the task force in promoting the campus policies and proposed environmental changes that have been identified.

(2) The institution should provide maximum opportunities for students to live in an alcohol-free environment and to engage in stimulating, alcohol-free recreational and leisure activities.

(3) The institution should enforce a “zero tolerance” policy on the illegal consumption of alcohol by students at the institution.

(4) The institution should vigorously enforce the institution’s code of disciplinary sanctions for those who violate campus alcohol policies. Students with alcohol or other drug-related problems should be referred for appropriate assistance.

(5) The institution should adopt a policy of eliminating alcoholic beverage-related sponsorship of on-campus activities. The institution should adopt policies limiting the advertisement and production of alcoholic beverages on campus.

(6) The institution should work with the local community, including local businesses, in a “Town/Gown” alliance to encourage responsible policies toward alcohol consumption and to address illegal alcohol use by students.

## SEC. 799. SENSE OF THE SENATE REGARDING HIGHER EDUCATION.

(a) FINDINGS.—The Senate makes the following findings:

(1) Higher education must be kept affordable for all families as the number of students attending institutions of higher education in the 1995–1996 academic year reached 19,400,000 students at all levels.

(2) According to the College Board’s Annual Survey of Colleges, 1997–1998 undergraduate students at United States colleges will pay on average, approximately 5 percent more for the 1997–1998 academic year in tuition and fees at 4-year institutions of higher education than the students paid for the 1996–1997 academic year, and from 2 to 4 percent more for the 1997–1998 academic year in tuition and fees at 2-year institutions of higher education than the students paid for the 1996–1997 academic year.

(3) From academic years 1980–1981 to academic years 1994–1995, tuition at 4-year public colleges and universities increased 234 percent, while median household income rose only 82 percent, and as a result, families now spend nearly twice as much of their income on college tuition as families did in 1980.

(4) A college education has become less affordable as undergraduate public school tuition has increased substantially in the years preceding 1998.

(5) In the 1997–1998 school year, average undergraduate tuition and fees—

(A) for public 4-year institutions of higher education were \$3,111, representing a 97 percent increase from the 1988–1989 school year; and

(B) for private 4-year institutions of higher education were \$13,664, representing an increase of 71 percent from the 1988–1989 school year.

(6) In the 1996–1997 academic year—

(A) over \$580,000,000 in Federal Supplemental Educational Opportunity Grants were disbursed to more than 990,000 students;

(B) \$760,000,000 in Federal funds supported more than 700,000 students in the Federal Work-Study Program; and

(C) more than 700,000 students borrowed approximately \$940,000,000 in Federal Perkins Loans.

(7) In the 1996–1997 academic year, Federal loan programs provided over \$30,000,000,000 in financial aid to students.

(8) Student financial aid in the form of loans is disproportionate to the amount of financial aid received through grants. In 1980, approximately 40 percent of Federal student financial aid was distributed through loans. In the 1996–1997 academic year, 60 percent of Federal, State, and institutional student financial aid was distributed through loans.

(9) As the proportion of Federal grants continues to decline, students and families will have to consider alternative ways to finance a college education.

(10) In the 1970s, Federal Pell Grants financed  $\frac{3}{4}$  of the costs at a public 4-year institution of higher education and  $\frac{1}{3}$  of the costs at a private 4-year institution of higher education. In contrast, in the 1996–1997 academic year, Federal Pell Grants financed  $\frac{1}{3}$  of the costs at a 4-year public institution of higher education and  $\frac{1}{4}$  of the costs at a private 4-year institution of higher education.

(11) While student dependence on Federal loans programs has increased, the default rate on those loans has decreased. According to the Department of Education, in fiscal year 1990, the national default rate on federally insured student loans was 22.4 percent. In fiscal year 1994, the national default rate declined to 10.4 percent.

(12) The National Commission on the Cost of Higher Education concluded in the report of the National Commission that Federal student aid grants have not contributed to increases in tuition while the evidence is inconclusive regarding the impact of Federal student loans on increases in tuition.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) the cost of tuition at institutions of higher education continues to increase at a rate above the Consumer Price Index, affecting the nearly 20,000,000 students at all levels, resulting in an increase in the number of students seeking Federal loans and Federal grants;

(2) efforts should be made to address the disproportionate share of Federal student aid in the form of Federal student loans compared to Federal student grants available for students at institutions of higher education; and

(3) Federal incentives provided to public and private institutions of higher education may be an effective way to limit tuition growth.

#### SEC. 799A. SENSE OF CONGRESS REGARDING TEACHER EDUCATION.

(a) FINDINGS.—Congress finds that—

(1) the education of teachers is a university-wide responsibility requiring the integration of subject matter and teacher education course work across faculties with multiple site-based clinical learning experiences;

(2) teachers well prepared in both subject matter and good professional practice are essential to raising the achievement levels of

our Nation's students, especially in mathematics and the sciences;

(3) teacher educators, substantive experts, and kindergarten through grade 12 teachers need to interact with one another through shared experiences that incorporate school-site-based knowledge into the teacher preparation curriculum;

(4) partnerships between practitioners and academics working together in all phases of teacher education improve the quality of such education and create incentives for teachers to pursue excellence in their teaching;

(5) individuals may be more likely to choose teaching as a career if more flexible teacher preparation programs, tailored to the needs and experiences of the individuals, with multiple entry points and pathways into the teaching profession, are made available;

(6) strong leadership skills of school principals are essential to improving the quality of teaching and academic achievement of all students;

(7) collaboration among teacher educators, other university faculty, elementary and secondary schools, and community colleges facilitate, strengthen, and renew all the individuals and entities participating in the collaboration.

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

(1) Federal programs, including the Federal Work-Study Programs, should encourage students, particularly prospective teachers, to become involved in supervised tutoring and mentoring activities in kindergarten through grade 12 schools;

(2) institutions of higher education, kindergarten through grade 12 schools, local educational agencies, States, and the Department of Education should enter into partnerships to identify and prepare promising candidates as future education leaders and to provide continuing professional development opportunities to current principals and other education leaders;

(3) options for access to teacher preparation programs and new avenues to careers in teaching should be expanded to reach professionals seeking second careers and individuals whose prior experiences encompass critical subject areas such as mathematics and the sciences;

(4) partnerships between institutions of higher education and kindergarten through grade 12 schools should emphasize contacts between faculty and the business community to align expectations for academic achievement to create a more seamless transition for students from secondary to postsecondary schools and to the workplace; and

(5) Congress should focus on identifying, replicating, and facilitating the expansion of exemplary partnerships between institutions of higher education and kindergarten through grade 12 schools, with particular emphasis on partnerships targeted toward fostering excellence in kindergarten through grade 12 school leadership, attracting and preparing qualified professionals for new careers in teaching, helping teachers incorporate technology into curricula, and aligning the curricula and expectations for student achievement in secondary schools and institutions of higher education, and for the workplace.

The PRESIDING OFFICER. The Senator from Vermont.

PRIVILEGE OF THE FLOOR

Mr. JEFFORDS. Mr. President, I ask unanimous consent that Pam Moran, a fellow with the Committee on Labor and Human Resources, be allowed the privileges of the floor during consider-

ation of S. 1882, the Higher Education Amendments of 1998.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEFFORDS. Mr. President, I am extremely pleased that the Senate is considering S. 1882, the Higher Education Amendments of 1998. This legislation extends for 5 years the authorization of programs under the Higher Education Act and makes significant improvements in student benefits and in the operation of these programs.

The Higher Education Act is among the most significant statutes under the jurisdiction of the Committee on Labor and Human Resources. Since its inception in 1965, the Act has been focused on enhancing the opportunities of students to pursue postsecondary education. This legislation will make college more accessible for more Americans by increasing the amount of Pell grants and lowering interest rates for student loans. By increasing the access and quality of higher education, this bill will help ensure that our nation remains a leader in educational excellence for all of our citizens. By giving more students the ability to attend college, we are giving them the opportunity to pursue their dreams.

136 years ago this week, Senator Justin Smith Morrill from Vermont led the effort in the United States Senate to pass the Land Grant College Act of 1862, which opened the doors of higher education to all Americans. Today, I am proud to follow in Justin Smith Morrill's footsteps and urge the Senate to pass this important bipartisan legislation which will make the dream of getting a college education become a reality for millions of students across this nation.

Over the years, the federal effort in this area has been substantial and will continue to be so. The Higher Education Act currently provides \$48.5 billion in student financial assistance for 8.5 million students and \$216 million for institutional development. In 1995–96, 55 percent of undergraduate students received financial aid under this Act. Over the next ten years, the Federal Government will guarantee over 88 million student loans—totaling over \$383.5 billion. Over the next five years, the Federal Government will provide more than 25.4 million Pell Grants.

The reauthorization bill we are considering today preserves the focus on students—who are the primary reason we have a Higher Education Act in the first place. Students now in school will be assured of receiving the lowest interest rate in nearly two decades on their loans. Students now in high school who aspire to a college education will benefit from an expanded early intervention program known as CONNECTIONS, as well as continuing to receive services from the time-tested and highly regarded TRIO programs.

Students who have graduated and are faced with exceptionally high loan burdens will be able to take advantage of extended repayment options under the



guaranteed loan program. Recognizing the toll which ever increasing college costs are placing on students, the bill builds on recommendations of the National Commission on the Cost of Higher Education so that students and their families can obtain useful cost information.

This bill reflects a strong commitment to the maintenance of two viable loan programs—the guaranteed or Federal Family Education Loan Program (FFELP) and the Direct Loan Program. Among the most challenging tasks facing the committee was developing a student loan interest rate which could offer the lowest viable interest to students while assuring sufficient lender participation to preserve full access to loans. After nearly a year of consultation with students, lenders, representatives of the higher education community, the administration and financial services experts, the committee developed a compromise interest rate package. Lender yield is reduced by 30 basis points while students receive the significant interest rate reduction they have anticipated. This solution is by no means perfect, but it promises to preserve the stability of the FFEL program for the nearly 4 million students and their families who depend upon these loans each year.

The legislation also includes a new guaranty agency financing model—the goal of which is to achieve cost savings and efficiencies in the delivery and administration of student aid while ensuring that students, lenders, the Federal Government, and institutions of higher education receive high quality service. Additional efforts to improve the delivery of student aid programs include the development of a Performance Based Organization (PBO) to strengthen the management of key systems within the Department of Education. A number of provisions in the legislation also pave the way toward taking advantage of the efficiencies made possible through electronic processing and other technological advances.

Looking toward the future, the bill contains several provisions dealing with the Year 2000 computer problem. The Office of Management and Budget has raised serious questions about the Department of Education's ability to meet the timetable outlined by the General Accounting Office for the testing of software renovation work. Failure to renovate all mission critical systems could result in disruptions in the management and delivery of student financial aid to more than 8 million students. This is an area in which the committee will be following closely in the months ahead.

Perhaps the most exciting and far-reaching innovation in this legislation is its provisions dealing with teacher preparation. The bill before us eliminates some 15 small, categorical teacher training programs—only one of which receives funding—and replaces them with a comprehensive model for

change and improvement. The teacher quality provisions included in Title II of S. 1882 are an important first step towards really improving teacher training. I think it will be viewed as one of the lasting achievements of this reauthorization.

It represents a collaboration of good ideas from many members of the Labor and Human Resources Committee, each who spent a great deal of time on this matter. The result is a proposal that breaks away from “business-as-usual” practices, and encourages States and education partnerships to reform their efforts to meet the needs of students in today's classroom.

At its foundation, Title II embraces the notion that investing in the preparation of our nation's teachers is a good one. Well prepared teachers play a key role in making it possible for our students to achieve the standards required to assure both their own well being and the ability of our country to compete internationally. In fact, the continued health and strength of our nation depends on our country's ability to improve the education of our young people. Integral to that is the strength and ability of our nation's teaching force. Without a strong, competent, well prepared teaching force, other investments in education will be of little value.

The bill takes a two-pronged approach to helping assure that our nation's elementary and secondary school teachers will be thoroughly prepared to offer the quality of instruction needed to assure that students achieve the standards we need and expect. Working at both the state level to promote system-wide reforms and at the local level to develop partnerships to enhance the quality of teacher training, the bill offers a comprehensive and systematic approach to this pressing national need.

Title II demands excellence from our teacher preparation programs; encourages coordination; focuses on the need for academic content knowledge and strong teaching skills; and fosters state innovations in establishing more rigorous standards and exploring alternative certification. These efforts recognize the fundamental connection that exists among states, institutions of higher education, and efforts to improve education for our nation's elementary and secondary school teachers.

The teacher training provisions included in this bill are unique in other ways as well. In particular, the committee included very strong accountability measures as part of this title. In order to maintain a grant, a State or a partnership will have to show improvement—measurable results—that go to the heart of learning.

It is important to consider the Title II provisions in the context of education reform because, as I have said before, good teachers are at the core of educational improvement.

It has been 15 years since the national crisis in education was raised by

the “A Nation At Risk” report. The admonition was given in these terse words: If a foreign government had imposed on us our educational system we would have declared it an act of war.

Yet little has changed. There is some improvement in science but little in math. Children are coming to school slightly more prepared to learn, but this is primarily in the area of health.

It is obvious that nothing is going to change unless it changes in the classroom. And nothing will change in the classroom until the teachers change. And the teachers can't be expected to change until they have help in knowing what is expected of them.

In the most recent Goals 2000 Report issued last November, we learned that in more than 40 States there was no change in the percentage of teachers who reported that they held a degree or held a teaching certificate in their main teaching assignment. In 33 States no change was reported in the proportion of beginning public school teachers who participated in a formal teacher induction process.

Dindo Rivera, who travels about the country for IBM raising this issue, likes to explain it this way: If you were an office worker and had fallen asleep as Rip Van Winkle did for twenty years and walked into a modern office you would go into catatonic shock at trying to do anything from answering the phone to typing a letter. However, if you were a school teacher when you walked back into the classroom after your slumber, you'd feel right at home in your subjects.

Some changes are occurring. The concept of “social promotion” initiated in the 60's is being challenged but creating serious problems for schools requiring remedial help. Literacy programs are being initiated to stop or reduce the inflow of non readers. But as to the crisis of math and science and other critical subjects, we have seen little in the way of results.

Pointing a finger at the colleges of education is not inappropriate. They need to change. They must ensure that graduates are capable of facing today's challenge—not yesteryears. But they are unlikely to change unless the universities that host them pay attention to them. Often times, the schools of education are treated as step children. In most cases the degrees issued are not enough to increase their capacity to teach updated courses—and these updated courses are sorely needed.

We must focus attention on this issue. We should fully fund the new Title II Teacher Quality Program that is included in this bill. We should also call together the presidents of the universities to challenge them to take immediate action to remedy the crisis. We must enlist the teachers and the teachers unions and insist that they too help out.

The Higher Education bill before us does make strides in the direction of reform and improvement. Still, we must do even more to raise awareness

of the problem and the need to change. The number of teachers is not as important as the quality of teachers. On the Federal level we must focus on promoting and ensuring quality. We don't necessarily need millions of new teachers—what we really need are millions of good teachers.

The need for good teachers has been recognized. The Hunt Commission Report, "What Matters Most: Teaching for America's Future" has a goal of providing 100,000 nationally accredited teachers. But their goal is too far off into the next century. Their goal would provide one teacher for every school. We need one for every classroom and, most certainly every new teacher graduating must be trained to be a good teacher. Every teacher's college must meet that challenge and every present teacher must be given the training to be a good teacher. The present bill takes a giant step in that direction.

In closing, I would like to acknowledge the long hours and hard work of members of the Labor and Human Resources Committee and their staffs over the past 18 months as we have worked to develop this legislation. Even with the substantial streamlining we have done in the Act, a thorough review of all its provisions is a large and challenging task. At this time, I would like to offer particular thanks to the ranking minority member, Senator KENNEDY, to Senator COATS, and to Senator DODD. These three members have gone well beyond the extra mile in helping to forge a bipartisan approach to improving the lives of American students. Throughout committee deliberations, there have been legitimate differences of opinion. The spirit of cooperation and the commitment to working through these differences has allowed us to present to the Senate a solid piece of legislation which I believe every member of this body can proudly support.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield for a consent request.

#### PRIVILEGES OF THE FLOOR

Mr. WELLSTONE. Mr. President, I ask unanimous consent that Erin Shanahan, Sarah West and Micky Holmes, interns and fellows, be allowed on the floor during the debate and votes on the education bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PRIVILEGES OF THE FLOOR

Mr. KENNEDY. Mr. President, I ask unanimous consent congressional fellow Jennifer Krone and Jim Butler be granted floor privileges.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, at the outset, as we begin this debate on the Higher Education Act, I thank my good friend, the chairman of our committee, Senator JEFFORDS, and all of the members of the committee for their broad support for this legislation and for the

workmanship which was reflected in this product over a considerable period of time.

This legislation was reported unanimously out of our committee, and I think it reflects the best judgment of the members of the committee. I am particularly impressed by the work of our friends and colleagues on the Republican side—Senator COATS, Senator COLLINS, and many of the others, members who were very, very much involved; and on our side, Senator DODD, Senator MURRAY, and many, many others whom I will refer to in my opening comments as well. This has been really a very strong bipartisan effort.

Those of us who have had the honor to serve on the Education Committee for a number of years have always felt that education is something which should have a special position in the thinking of not only the families of America but elected officials in trying to find a common ground in these areas that are so important to families across this country. This bill reflects that continued effort by the membership of the committee.

We have strong differences on some policy issues, which we have seen in recent hours and recent days, which we will see coming through these next several weeks, the next 35 days that we are in the Senate. Thankfully, we have been able to keep that kind of view out of the consideration of this legislation.

There will be several amendments from our side and from the Republican side. Those are based upon rather thoughtful consideration and thoughtful differences on education policy, but they are certainly serious amendments and thoughtful ones, and we look forward to addressing these issues as we move ahead.

We are very hopeful that we can move this legislation, because of its importance, to an early conclusion with due opportunity for the membership to express their views.

I want to pay particular tribute, as I mentioned, to the chairman of our committee, Senator JEFFORDS. He has had a longstanding, continuing commitment to a number of different issues in our Human Resources Committee, but I believe personally the commitment in terms of education generally has been a very special interest. He has been absolutely tireless in working with all the members of the committee to bring this product forward. All of us are grateful to him and to his staff for all of the efforts they have made and for the strong and good leadership that he has provided in fashioning this legislation.

Our goal in this bill is to strengthen the Federal support for higher education. A recent study from the Institute of Higher Education Policy summarizes the public and private benefits of higher education, both economic and social. As you can see on this chart, higher education provides major economic benefits, such as increased tax revenues, greater productivity, increased flexibility in the workforce.

We are all mindful that when we had the GI bill after World War II, for every dollar that was invested in the GI bill, more than \$8 was actually returned by those who participated in those scholarship programs. The Nation benefits, the individuals benefit, our communities benefit, America benefits, and our position in the world and our values in the world benefit from the strong investment that we make in education and by the extraordinary talent that we have in the young people of our country.

This legislation provides vital social benefits as well. College graduates have greater involvement in their communities, give more to charities. They also show an appreciation of diversity that is vital in our increasingly complex society. This legislation expands access to college for all qualified students. It increases the maximum authorization for Pell grants for the neediest students and expands the formula for need analysis to protect more of the income of working parents and students.

The bill also continues the critical investments in graduate education through the program of Graduate Assistance in Areas of National Need and the portable Javits fellowships for talented students in the arts, humanities, and social sciences.

The bill also will enable colleges to work with faculty and administrators to improve teaching for students with disabilities. Many more students with disabilities are benefitting from higher education, and faculty members often have little experience in teaching these students. This bill reaches out to all colleges and universities and includes training in this area for graduate teaching assistants—the faculty of the future.

The bill takes a major step in improving training of teachers. Senator JEFFORDS has spoken to that issue in very considerable detail, but let me underline some points on that subject.

Fifty percent of the funding in this category goes to local partnerships that include elementary and secondary schools, colleges, and even teachers unions, businesses, and community organizations. The other 50 percent goes to competitive grants to State education agencies.

The bill also includes greater loan forgiveness for teachers. It forgives up to \$8,000 of loans for teachers who teach at least 3 years in high-need schools. Many college graduates with heavy debtloads cannot afford to go into teaching in schools that need help the most. This program will make it easier for idealistic young men and women to work with the needy children.

The bill also includes early intervention initiatives to encourage students to plan for college as part of their future. One of the greatest tragedies of education today is that so many young students in elementary school, middle school, and high school regard college as out of reach.

I know many of our colleagues have had the opportunity that I have had in going out and talking to middle-school students around our States. You ask those young people, those young students, "How many of you would want to go to college?" and almost before the words come out of your mouth, every hand goes up in that classroom. There is a great desire, a great interest, on the part of these young students to continue their education.

Then something happens as they go through eighth and ninth grades and begin to become more disillusioned about the possibilities of going on to college and continuing their education, perhaps somewhat more realistic about some of the financial obligations that they have. It is not completely separate from the fact that the increased use of drugs in the eighth and ninth grades increases about 300 percent to 350 percent. The time when kids are beginning to cool off in terms of their realization of the possibilities for their continuing on to higher education corresponds to the period of dramatic increase among young people in terms of substance abuse.

Mr. President, the hope and the desire of young students in our society to go on to higher education is there in the middle schools, and so many of them are discouraged from doing so. This happens at a time when there has been a corresponding record of increased use of illegal substances. Many people believe it is the increased use of the substances that have discouraged students.

On the other hand, there are many others who believe that these young students, when they find out they will not have the opportunity to go on to higher education or continue their education, become discouraged, in many instances despondent, lose interest and subject themselves to the adverse behavior that some young people involve themselves in.

The whole question in terms of trying to reach out to these students in elementary school, middle school, and high school is very, very important. We need to do what we can to change that distressing mindset. This bill is a major step in that direction.

The bill also expands the Federal aid for student learning through distance education. The managers' package broadens the demonstration programs, and allows the use of Federal aid for certain distance education certificate programs.

Distance learning can open the doors of higher education to many who cannot attend classes because they live in remote areas or because of their job or family responsibilities. Some have some special needs, as well. But we must also ensure that the promise of these programs do not lead to abuses. The bill calls for the Department of Education to monitor these changes in distance education, and to report to Congress on the result.

Another important provision in the bill calls for the creation of a Perform-

ance Based Organization in the Department of Education. Its goal is to streamline and improve the financial aid functions of the Department, and give it more flexibility to deal with the many aspects of Federal aid.

The bill also enables guaranty agencies to enter into voluntary flexible agreements with the Secretary of Education. It will be more businesslike and will focus more heavily on preventing defaults. The guaranty agency in Massachusetts has been in the forefront of this reform.

Under these arrangements, guaranty agencies can concentrate on preventing defaults instead of simply collecting from students after they have defaulted on their loans. Under current law, these agencies are paid too much when the students go into default and they are not paid enough to prevent the defaults in the first place.

In a pilot project, the Great Lakes Guaranty Agency reduced its default rate by 96 percent, 96 percent over 18 months by emphasizing the prevention of defaults. This is a win-win-win idea. The student borrowers win because they avoid default and ruining their credit. Government wins because it saves millions in reinsurance payments. The lenders win because the loan continues to earn interest in their portfolios.

This bill accommodates the concerns of many individuals. Senator TORRICELLI in his bill, S. 1534, says students who are called to active duty in the Reserves of our Armed Forces will not have to worry about repaying their student loans before they return. Senator MOSELEY-BRAUN sponsored a program to encourage more individuals from underrepresentative groups to become college professors. Senators SARBANES and MIKULSKI spearheaded efforts to include the Thurgood Marshall Legal Education Opportunity Program.

The major issue in this bill is the interest rate on student loans. The bill reduces the interest rate that students will pay on loans by almost 1 percent, a substantial benefit for students. The average borrower with a loan of \$12,000 will save \$650 in interest payments over the 10-year life of the loan. The average master's degree student with a debt of \$20,000 will save more than \$1,000. For borrowers with larger loans, the savings will be even greater.

Unfortunately and unwisely, the bill trims the rates paid to banks only slightly. As in the House bill, students will pay the same lower interest rate to the banks that they pay to the Government in the Direct Loan Program. But the bill offers a sweetheart deal to the banks by giving the banks a half of a percent interest rate subsidy. This subsidy means that bank receipts will go down only slightly from the excessive receipts they receive under the high interest rates now in effect. It is estimated that the average bank return on student loans will be 16 percent—far higher than the average bank return of 12 percent on its overall assets since 1970.

This interest rate subsidy will be paid by the taxpayers. The Congressional Budget Office calculates that the costs will be at least \$1 billion over 5 years and maybe as much as \$3.6 billion. The Office of Management and Budget calculates that this subsidy will cost \$2.7 billion over that period, a cost that is not paid for under the bill.

This failure could trigger a sequester of mandatory inventory programs in October, including Medicare, and we need to deal with this problem more effectively. The best solution is to change the current system under which Congress sets the interest rates the banks can charge. Instead, we should adopt, I believe, a market-based system for interest rates, not one based on price fixing by Congress.

We are considering offering an amendment that allows the Secretary of Education and the Secretary of the Treasury to conduct pilot programs using auctions as an alternative for setting these interest rates. Competition should determine how much of a premium lenders need in order to offer and service these loans. The results of the pilot programs would be reported to Congress and full-scale implementation would follow only after a subsequent vote of approval by Congress. These pilot programs will give Congress the information to make a sensible decision providing adequate incentives to the banks without gouging students or taxpayers.

I look forward to final Senate action on this bill. I commend the constructive bipartisan spirit that has brought us to this point. Our colleges and universities deserve no less.

Mr. GRAHAM. Mr. President, I ask unanimous consent for a period of morning business for the purposes of making a statement for 10 minutes.

Mr. McCONNELL. Mr. President, reserving the right to object, we have a Senate agreement we want to propound momentarily regarding an emergency piece of legislation that has now been cleared on both sides. I don't want to interrupt the Senator from Florida, but we are anxious.

Mr. GRAHAM. I modify my unanimous consent request to first provide for the Senator from Kentucky to proceed as indicated.

Mr. JEFFORDS. Reserving the right to object, I know we are trying to get the opening statements out with respect to this bill. Senator COATS, I know, has been waiting. Senator DODD is also waiting. So at this point I object until at least those two Members are taken care of.

The PRESIDING OFFICER. The Senator from Florida has the floor.

Mr. GRAHAM. Mr. President, it had been my understanding that unanimous consent requests could be made after Senator KENNEDY's statement, but if the Senator from Vermont would like to have other opening statements, I modify my unanimous consent request that I have 10 minutes of morning business immediately upon the

completion of the statements by the Senators from Indiana, Connecticut, Minnesota, and any other members of the committee wishing to do so—that at that point, I have 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. McCONNELL. Mr. President, I have been told it is only going to take a minute to run a hotline on the Democratic side, after which I would like to propound, on behalf of myself and Senator BIDEN, a unanimous consent agreement. This whole matter will take just a minute or so. I would like to, with the consent of my colleagues, get that out of the way here before the debate continues, if the Senator from Vermont finds that acceptable.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Mr. President, the Senator has this consent request. I hope he will offer it and we can consider it, if the leadership so desires. I would certainly support it. Can't we wait until we get the agreement?

The PRESIDING OFFICER. The Senator from Florida has the floor.

Mr. KENNEDY. I object then.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, let me restate my unanimous consent, which is that upon the completion of the opening statements of the members of the committee, I be allowed 10 minutes as in morning business for a statement on the wildfires in Florida.

The PRESIDING OFFICER. Is there objection?

Mr. WELLSTONE. Mr. President, I will not object. I just say to my colleague, I am pleased to speak right after him. I just ask that other colleagues will speak, and I would like to speak after the Senator from Florida.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, let me thank my colleague from Florida for his graciousness. For the purposes of getting the opening statements out, it is worthwhile to hear those who have worked over the past year or more to put this piece of legislation together.

Let me begin by commending the distinguished chairman of the committee, Senator JEFFORDS of Vermont, and the distinguished ranking Democrat, Senator KENNEDY, and my colleague from Indiana, Senator COATS, for their tremendous efforts here to put this higher education bill together.

Mr. President, there are very few pieces of legislation that we will consider in this Congress that are as important to American families as the one we take up today.

I see my colleague from Kentucky. Does he wish me to yield?

Mr. McCONNELL. If the Senator will yield for a moment, the unanimous consent agreement has now been cleared.

Mr. DODD. Without interrupting the flow of the debate and without yielding

my right to the floor, for the purposes of propounding the unanimous consent agreement, I will yield to the Senator from Kentucky.

#### UNANIMOUS CONSENT REQUEST— S. 2282

Mr. McCONNELL. Mr. President, I ask unanimous consent that at 2 p.m. today, the Senate proceed to the consideration of S. 2282, which I send to the desk, and that it be considered under the following agreement: 2 hours on the bill, equally divided between myself and Senator BIDEN or our designees; that no motions or amendments be in order; that following the conclusion or yielding back of the time, the bill be advanced to third reading, and the Senate proceed to vote on passage of the bill, all without any intervening action or debate.

Mr. BIDEN. Mr. President, that has been cleared on the Democratic side.

The PRESIDING OFFICER. Is there objection?

Mr. DODD. Reserving the right to object, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Kentucky has the floor. Is there objection?

Mr. KENNEDY. Reserving the right to object—

Mr. DODD. I will object for a moment.

The PRESIDING OFFICER. Objection is heard.

Who seeks recognition?

Mr. McCONNELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the 10 minutes I reserved previously be available to me at this time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Florida is recognized.

#### FLORIDA'S FIRE CRISIS

Mr. GRAHAM. Mr. President, I am here with a sense of disappointment in that the President of the United States today is visiting my State and, particularly, visiting areas of the State that have recently been ravaged by an unprecedented series of wildfires. I regret that because of the schedule of the Senate, particularly the votes we have just taken this morning and those we will take later in the day, I was unable to accept the President's invitation, which he had generously extended to my colleague, Senator MACK, and myself. Therefore, I would like to take

this opportunity to make a statement to my colleagues as to the circumstances in Florida.

Mr. President, next month—on August 24—Floridians will observe the sixth anniversary of one of the worst natural disasters in recent memory: Hurricane Andrew.

Many of my colleagues will remember that Andrew roared ashore in the middle of the night and vented its fury on the people of South Florida. The storm severely disrupted the lives of thousands of families. It damaged 128,000 homes and left approximately 160,000 people homeless. The insurance industry estimates that Andrew cost our state nearly \$30 billion.

Perhaps even more sobering than these numbers is the knowledge that the devastation and loss of life would have been even worse had the storm struck just twenty miles to the north, in the heart of downtown Miami.

These facts demonstrate the unprecedented nature of Hurricane Andrew's destructive force.

But perhaps even more unprecedented was the tremendous generosity shown by people outside of Florida in the aftermath of Andrew's driving rains and fierce winds. Americans from every corner of our nation put their lives on hold to assist those Floridians whose lives had been turned upside down by Mother Nature. Some sent food and supplies. Others packed up cars, loaded vans, and boarded buses so that they could join relief efforts.

State disaster agencies lent personnel, expertise, and know-how to the Florida Department of Community Affairs in its clean-up efforts.

This enormous outpouring of support by Americans for people they had never met and neighborhoods they had probably never visited reaffirmed our belief in the vitality and essential goodness of the human spirit.

This August, Floridians will remember Hurricane Andrew with another natural disaster on their minds. Since May 24, a deadly combination of intense heat and prolonged drought has sparked more than 2,000 forest fires in Florida's 67 counties. Even for a state that is experienced in dealing with natural disasters, these fires have been spawned during what may be one of the worst years in Florida meteorological history.

In late January and early February—in the midst of our state's dry season—several Northern Florida counties were deluged by massive floods. Not long after, parts of Central Florida were devastated by thunderstorms and tornadoes that are more typical in the summer months.

The fire crisis is the latest example of our state's climactic reversal of fortune in 1998. Florida's hot summer temperatures are typically accompanied by afternoon thunderstorms and tropical weather. This year's heat and drought, and the lush undergrowth and foliage that sprung up in the wake of Florida's unusually wet winter, combined to fuel the fires that have put the