

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3221
OFFERED BY MR. GEORGE MILLER OF
CALIFORNIA
Manager's Amendment

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

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

4 SEC. 2. TABLE OF CONTENTS.

5 The table of contents is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. References.

TITLE I—INVESTING IN STUDENTS AND FAMILIES

Subtitle A—Increasing College Access and Completion

- Sec. 101. Federal Pell Grants.
- Sec. 102. College Access and Completion Innovation Fund.
- Sec. 103. Investment in historically Black colleges and universities and other minority-serving institutions.
- Sec. 104. Investment in cooperative education.

Subtitle B—Student Financial Aid Form Simplification

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

TITLE II—STUDENT LOAN REFORM

Subtitle A—Stafford Loan Reform

- Sec. 201. Federal Family Education Loan appropriations.

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

Subtitle B—Perkins Loan Reform

- Sec. 221. Federal Direct Perkins Loans terms and conditions.
- Sec. 222. Authorization of appropriations.
- Sec. 223. Allocation of funds.
- Sec. 224. Federal Direct Perkins Loan allocation.
- Sec. 225. Agreements with institutions of higher education.
- Sec. 226. Student loan information by eligible institutions.
- Sec. 227. Terms of loans.
- Sec. 228. Distribution of assets from student loan funds.
- Sec. 229. Administrative expenses.

TITLE III—MODERNIZATION, RENOVATION, AND REPAIR

Subtitle A—Elementary and Secondary Education

- Sec. 301. Definitions.

CHAPTER 1—GRANTS FOR MODERNIZATION, RENOVATION, OR REPAIR OF PUBLIC SCHOOL FACILITIES

- Sec. 311. Purpose.
- Sec. 312. Allocation of funds.
- Sec. 313. Allowable uses of funds.
- Sec. 314. Priority projects.

CHAPTER 2—SUPPLEMENTAL GRANTS FOR LOUISIANA, MISSISSIPPI, AND ALABAMA

- Sec. 321. Purpose.
- Sec. 322. Allocation to local educational agencies.
- Sec. 323. Allowable uses of funds.

CHAPTER 3—GENERAL PROVISIONS

- Sec. 331. Impermissible uses of funds.
- Sec. 332. Supplement, not supplant.
- Sec. 333. Prohibition regarding State aid.
- Sec. 334. Maintenance of effort.
- Sec. 335. Special rule on contracting.
- Sec. 336. Use of American iron, steel, and manufactured goods.
- Sec. 337. Labor standards.

- Sec. 338. Charter schools.
- Sec. 339. Green schools.
- Sec. 340. Reporting.
- Sec. 341. Special rules.
- Sec. 342. Promotion of employment experiences.
- Sec. 343. Advisory Council on Green, High-Performing Public School Facilities.
- Sec. 344. Education regarding projects.
- Sec. 345. Availability of funds.

Subtitle B—Higher Education

- Sec. 351. Federal assistance for community college modernization and construction.

TITLE IV—EARLY LEARNING CHALLENGE FUND

- Sec. 401. Purpose.
- Sec. 402. Programs authorized.
- Sec. 403. Quality pathways grants.
- Sec. 404. Development grants.
- Sec. 405. Research and evaluation.
- Sec. 406. Reporting requirements.
- Sec. 407. Construction.
- Sec. 408. Definitions.
- Sec. 409. Availability of funds.

TITLE V—AMERICAN GRADUATION INITIATIVE

- Sec. 501. Authorization and appropriation.
- Sec. 502. Definitions.
- Sec. 503. Grants to eligible entities for community college reform.
- Sec. 504. Grants to eligible States for community college programs.
- Sec. 505. National activities.

1 SEC. 3. REFERENCES.

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

1 **TITLE I—INVESTING IN**
2 **STUDENTS AND FAMILIES**
3 **Subtitle A—Increasing College**
4 **Access and Completion**

5 **SEC. 101. FEDERAL PELL GRANTS.**

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

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

10 “(A) The amount of the Federal Pell
11 Grant for a student eligible under this part
12 shall be—

13 “(i) the maximum Federal Pell Grant,
14 as specified in the last enacted appropria-
15 tion Act applicable to that award year,
16 plus

17 “(ii) the amount of the increase cal-
18 culated under paragraph (8)(B) for that
19 year, less

20 “(iii) an amount equal to the amount
21 determined to be the expected family con-
22 tribution with respect to that student for
23 that year.”; and

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

4 “(8) ADDITIONAL FUNDS.—

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

12 “(i) \$2,030,000,000 for fiscal year
13 2008;

14 “(ii) \$2,733,000,000 for fiscal year
15 2009; and

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

22 “(B) INCREASE IN FEDERAL PELL
23 GRANTS.—The amounts made available pursu-
24 ant to subparagraph (A) shall be used to in-
25 crease the amount of the maximum Federal

1 Pell Grant for which a student shall be eligible
2 during an award year, as specified in the last
3 enacted appropriation Act applicable to that
4 award year, by—

5 “(i) \$490 for each of the award years
6 2008–2009 and 2009–2010;

7 “(ii) \$690 for the award year 2010–
8 2011; and

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

12 “(C) INFLATION-ADJUSTED AMOUNTS.—

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

18 “(I) \$5,550 or the total max-
19 imum Federal Pell Grant for the pre-
20 ceding award year (as determined
21 under clause (iv)(II)), whichever is
22 greater, increased by a percentage
23 equal to the annual adjustment per-
24 centage for award year 2011–2012;
25 reduced by

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

7 “(III) rounded to the nearest \$5.

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

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

22 “(II) \$4,860 or the maximum
23 Federal Pell Grant for which a stu-
24 dent was eligible for the preceding
25 award year, as specified in the last en-

1 acted appropriation Act applicable to
2 that year, whichever is greater; and

3 “(III) rounded to the nearest \$5.

4 “(iii) LIMITATION ON DECREASES.—

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

14 “(iv) DEFINITIONS.—For purposes of
15 this subparagraph—

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

19 “(aa) the estimated percent-
20 age change in the Consumer
21 Price Index (as determined by
22 the Secretary, using the defini-
23 tion in section 478(f)) for the
24 most recent calendar year ending

1 prior to the beginning of that
2 award year; and

3 “(bb) one percentage point;
4 and

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

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

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

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

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

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

11 (b) CONFORMING AMENDMENTS.—Title IV (20
12 U.S.C. 1070 et seq.) is further amended—

13 (1) in section 401(b)(6), as amended by the
14 Higher Education Opportunity Act (Public Law
15 110–315), by striking “the grant level specified in
16 the appropriate Appropriation Act for this subpart
17 for such year” and inserting “the Federal Pell Grant
18 amount, determined under paragraph (2)(A), for
19 which a student is eligible during such award year”;

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

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

7 (4) in section 483(e)(3)(ii), by striking “based
8 on the maximum Federal Pell Grant award at the
9 time of application” and inserting “based on the
10 Federal Pell Grant amount, determined under sec-
11 tion 401(b)(2)(A), for which a student is eligible at
12 the time of application”;

13 (5) in section 485E(b)(1)(A), by striking “of
14 such students’ potential eligibility for a maximum
15 Federal Pell Grant under subpart 1 of part A” and
16 inserting “of such students’ potential eligibility for
17 the Federal Pell Grant amount, determined under
18 section 401(b)(2)(A), for which the student would be
19 eligible”; and

20 (6) in section 894(f)(2)(C)(ii)(I), by striking
21 “the maximum Federal Pell Grant for each award
22 year” and inserting “the Federal Pell Grant
23 amount, determined under section 401(b)(2)(A), for
24 which a student may be eligible for each award
25 year”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 subsections (a) and (b) of this section shall take effect on
3 July 1, 2010.

4 **SEC. 102. COLLEGE ACCESS AND COMPLETION INNOVA-**
5 **TION FUND.**

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

9 **“PART E—COLLEGE ACCESS AND COMPLETION**
10 **INNOVATION FUND”.**

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

14 **“SEC. 780. PURPOSES.**

15 “The purposes of this part are—

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

23 “(2) to assist States in developing longitudinal
24 data systems, common metrics, and reporting sys-
25 tems to enhance the quality and availability of infor-

1 mation about student success, completion, and post-
2 completion employment.”.

3 (c) AUTHORIZATION AND APPROPRIATION.—Section
4 781(a) (20 U.S.C. 1141(a)) is amended to read as follows:

5 “(a) AUTHORIZATION AND APPROPRIATION.—

6 “(1) IN GENERAL.—There are authorized to be
7 appropriated, and there are appropriated, to carry
8 out this part (in addition to any other amounts ap-
9 propriated to carry out this part and out of any
10 money in the Treasury not otherwise appropriated),
11 \$600,000,000 for each of the fiscal years 2010
12 through 2014.

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

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

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

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

21 “(D) 2 percent shall be made available to
22 carry out section 784.”.

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

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

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

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

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

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

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

1 “(c) APPLICATION AND SELECTION.—

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

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

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

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

24 “(D) a description of—

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

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

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

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

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

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

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

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

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

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

9 “(III) targeting education and
10 training programs to address labor
11 market needs in the State, as such
12 needs are determined by the State;
13 and

14 “(IV) improving coordination be-
15 tween two-year and four-year institu-
16 tions of higher education in the State,
17 including supporting comprehensive
18 articulation agreements between such
19 institutions; and

20 “(ii) the State’s plan to develop an
21 interoperable statewide longitudinal data
22 system that—

23 “(I) can be linked to other data
24 systems, as applicable, including ele-

1 mentary and secondary education and
2 workforce data systems;

3 “(II) will collect, maintain,
4 disaggregate (by institution, income,
5 race, ethnicity, sex, disability, and age
6 of students), and analyze postsec-
7 ondary education and workforce infor-
8 mation, including—

9 “(aa) postsecondary edu-
10 cation enrollment, persistence,
11 and completion information;

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

20 “(cc) postsecondary edu-
21 cation and employment outcomes
22 of students who move out of the
23 State; and

24 “(dd) postsecondary instruc-
25 tional workforce information; and

1 “(III) makes the information de-
2 scribed in subclause (I) available to
3 the general public in a manner that is
4 transparent and user-friendly.

5 “(B) That the State has a comprehensive
6 planning or policy formulation process with re-
7 spect to increasing postsecondary enrollment,
8 persistence, and completion that—

9 “(i) encourages coordination between
10 the State administration of grants under
11 this section and similar State programs;

12 “(ii) encourages State policies that
13 are designed to improve rates of enroll-
14 ment and persistence in, and completion
15 of, postsecondary education for all cat-
16 egories of institutions of higher education
17 described in section 132(d) in the State;

18 “(iii) considers the postsecondary edu-
19 cation needs of students from groups that
20 are underrepresented in postsecondary
21 education;

22 “(iv) considers the resources of public
23 and private institutions of higher edu-
24 cation, organizations, and agencies within
25 the State that are capable of providing ac-

1 cess to postsecondary education opportuni-
2 ties within the State; and

3 “*(v)* provides for direct, equitable, and
4 active participation in the comprehensive
5 planning or policy formulation process or
6 processes, through membership on State
7 planning commissions, State advisory
8 councils, or other State entities established
9 by the State and consistent with State law,
10 by representatives of—

11 “*(I)* institutions of higher edu-
12 cation, including at least one member
13 from a junior or community college
14 (as defined in section 312(f));

15 “*(II)* students;

16 “*(III)* other providers of postsec-
17 ondary education services (including
18 organizations providing access to such
19 services);

20 “*(IV)* the general public in the
21 State; and

22 “*(V)* postsecondary education
23 faculty members, including at least
24 one faculty member whose primary re-

1 responsibilities are teaching and schol-
2 arship.

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

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

15 “(3) SUBGRANTS TO NONPROFIT ORGANIZA-
16 TIONS.—A State receiving a payment under this sec-
17 tion may elect to make a subgrant to one or more
18 nonprofit organizations in the State, including agen-
19 cies with agreements with the Secretary under sub-
20 sections (b) and (c) of section 428 on the date of the
21 enactment of the Student Aid and Fiscal Responsi-
22 bility Act of 2009, or a partnership of such organi-
23 zations, to carry out activities and services described
24 in subsection (d)(1), if the nonprofit organization or
25 partnership—

1 “(A) was in existence on the day before the
2 date of the enactment of the Student Aid and
3 Fiscal Responsibility Act of 2009; and

4 “(B) as of such day, was participating in
5 activities and services related to promoting per-
6 sistence in, and completion of, postsecondary
7 education, such as the activities and services de-
8 scribed in subsection (d)(1).

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

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

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

21 “(d) USES OF FUNDS.—

22 “(1) AUTHORIZED USES.—A State receiving a
23 grant under this section shall use the grant funds
24 to—

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

4 “(i) assisting institutions of higher
5 education in providing financial literacy,
6 education, and counseling to enrolled stu-
7 dents;

8 “(ii) assisting students enrolled in an
9 institution of higher education to reduce
10 the amount of loan debt incurred by such
11 students;

12 “(iii) providing grants to students de-
13 scribed in section 415A(a)(1), in accord-
14 ance with the terms of that section; and

15 “(iv) carrying out the activities de-
16 scribed in section 415E(a); and

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

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

23 “(3) RESTRICTIONS ON USE OF FUNDS.—A
24 State—

1 “(A) shall use not less than $\frac{1}{3}$ of the sum
2 of the Federal and non-Federal share used for
3 paragraph (1)(A) on activities that benefit stu-
4 dents enrolled in junior or community colleges
5 (as defined in section 312(f)), two-year public
6 institutions, or two-year programs of instruc-
7 tion at four-year public institutions;

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

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

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

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

21 “(2) the effectiveness of such activities and
22 services in increasing postsecondary persistence and
23 completion, as determined by measurable progress in
24 achieving the State’s goals for persistence and com-
25 pletion described in the Access and Completion Plan

1 submitted by the State under subsection (c)(2)(A),
2 if such plan has been submitted; and

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

5 **“SEC. 783. INNOVATION IN COLLEGE ACCESS AND COMPLE-**
6 **TION NATIONAL ACTIVITIES.**

7 “(a) PROGRAMS AUTHORIZED.—From the amount
8 appropriated under section 781(a)(2)(C) to carry out this
9 section, the Secretary shall award grants, on a competitive
10 basis, to eligible entities in accordance with this section
11 to conduct innovative programs that advance knowledge
12 about, and adoption of, policies and practices that increase
13 the number of individuals with postsecondary degrees or
14 certificates.

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

17 “(1) institutions of higher education;

18 “(2) States;

19 “(3) nonprofit organizations with demonstrated
20 experience in the operation of programs to increase
21 postsecondary completion;

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

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

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

3 “(c) INNOVATION GRANTS.—

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

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

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

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

22 “(i) are designed to improve student
23 outcomes, including degree completion,
24 graduation without student loan debt, and
25 post-completion employment;

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

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

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

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

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

24 “(B) are from an eligible entity that is a
25 public institution of higher education that does

1 not predominantly provide an educational pro-
2 gram for which it awards a bachelor's degree
3 (or an equivalent degree), or from a consortium
4 that includes at least one such institution;

5 “(C) include activities to increase degree or
6 certificate completion in the fields of science,
7 technology, engineering, and mathematics, in-
8 cluding preparation for, or entry into,
9 postbaccaluate study;

10 “(D) are from an eligible entity that is a
11 philanthropic organization with the primary
12 purpose of providing scholarships and support
13 services to students from groups that are
14 underrepresented in postsecondary education, or
15 are from a consortium that includes such an or-
16 ganization; or

17 “(E) are from an eligible entity that en-
18 courages partnerships between institutions of
19 higher education with high degree-completion
20 rates and institutions of higher education with
21 low degree-completion rates from the same cat-
22 egory of institutions described in section 132(d)
23 to facilitate the sharing of information relating
24 to, and the implementation of, best practices for
25 increasing postsecondary completion.

1 “(5) TECHNICAL ASSISTANCE.—The Secretary
2 may reserve up to \$5,000,000 per year to award
3 grants and contracts to provide technical assistance
4 to eligible entities receiving a grant under subsection
5 (a), including technical assistance on the evaluation
6 conducted in accordance with section 784 and estab-
7 lishing networks of eligible entities receiving grants
8 under such subsection.

9 “(d) REPORTS.—

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

13 “(A) the effectiveness of the program car-
14 ried out with such grant in increasing postsec-
15 ondary completion, as determined by measur-
16 able progress in achieving the goals of the pro-
17 gram, as described in the application for such
18 grant; and

19 “(B) any other information or assessments
20 the Secretary may require.

21 “(2) ANNUAL REPORT TO CONGRESS.—The
22 Secretary shall submit to the authorizing committees
23 an annual report on grants awarded under sub-
24 section (a), including—

1 “(A) the amount awarded to each eligible
2 entity receiving a grant under such subsection;
3 and

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

6 **“SEC. 784. EVALUATION.**

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

14 **SEC. 103. INVESTMENT IN HISTORICALLY BLACK COL-**
15 **LEGES AND UNIVERSITIES AND OTHER MI-**
16 **NORITY-SERVING INSTITUTIONS.**

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

18 (1) in subsection (a)—

19 (A) in paragraph (2), by striking “section
20 502” and inserting “section 502(a)”;;

21 (B) in paragraph (3), by striking “section
22 316” and inserting “section 316(b)”;

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

1 (D) in paragraph (6), by striking “in sub-
2 section (c)” and inserting “in section 320(b)”;
3 and

4 (E) in paragraph (7), by striking “in sub-
5 section (c)” and inserting “in section 319(b)”;
6 (2) in subsection (b)—

7 (A) in paragraph (1)(A), by striking
8 “\$255,000,000” and all that follows and insert-
9 ing “\$255,000,000 for each of the fiscal years
10 2008 through 2014.”; and

11 (B) by amending paragraph (2)(B) to read
12 as follows:

13 “(B) STEM AND ARTICULATION PRO-
14 GRAMS.—From the amount made available for
15 allocation under this subparagraph by subpara-
16 graph (A)(i) for any fiscal year—

17 “(i) 90 percent shall be available for
18 Hispanic-serving institutions for activities
19 described in sections 503 and 513, with a
20 priority given to applications that pro-
21 pose—

22 “(I) to increase the number of
23 Hispanic and other low-income stu-
24 dents attaining degrees in the fields of

1 science, technology, engineering, or
2 mathematics; and

3 “(II) to develop model transfer
4 and articulation agreements between
5 2-year Hispanic-serving institutions
6 and 4-year institutions in such fields;
7 and

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

10 (C) in paragraph (2)(C)(ii), by striking
11 “and shall be available for a competitive” and
12 all that follows and inserting “and shall be
13 made available as grants under section 318 and
14 allotted among such institutions under section
15 318(e), treating such amount, plus the amount
16 appropriated for such fiscal year in a regular or
17 supplemental appropriation Act to carry out
18 section 318, as the amount appropriated to
19 carry out section 318 for purposes of allotments
20 under section 318(e)”; and

21 (D) in paragraph (2)(D)—

22 (i) in clause (iii), by striking “for ac-
23 tivities described in section 311(e)” and in-
24 serting “and shall be made available as
25 grants under section 320, treating such

1 \$5,000,000 as part of the amount appro-
2 priated for such fiscal year in a regular or
3 supplemental appropriation Act to carry
4 out such section and using such
5 \$5,000,000 for purposes described in sub-
6 section (c) of such section”; and

7 (ii) in clause (iv), by striking “de-
8 scribed in subsection (a)(7)—” and all that
9 follows and inserting “and shall be made
10 available as grants under section 319,
11 treating such \$5,000,000 as part of the
12 amount appropriated for such fiscal year
13 in a regular or supplemental appropriation
14 Act to carry out such section and using
15 such \$5,000,000 for purposes described in
16 subsection (c) of such section”; and

17 (3) by striking subsection (c).

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

19 There are authorized to be appropriated, and there
20 are appropriated, to carry out part N of title VIII of the
21 Higher Education Act of 1965 (20 U.S.C. 1161n) (in ad-
22 dition to any other amounts appropriated to carry out
23 such part and out of any money in the Treasury not other-
24 wise appropriated), \$10,000,000 for fiscal year 2010.

1 **Subtitle B—Student Financial Aid**
2 **Form Simplification**

3 **SEC. 121. GENERAL EFFECTIVE DATE.**

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

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

10 (a) AMOUNT OF NEED.—Section 471 (20 U.S.C.
11 1087kk) is amended—

12 (1) by striking “Except” and inserting the fol-
13 lowing:

14 “(a) IN GENERAL.—Except”;

15 (2) by inserting “and subject to subsection (b)”
16 after “therein”; and

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

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

23 “(1) in the case of a dependent student, the
24 combined net assets of the student and the student’s
25 parents are equal to an amount greater than

1 \$150,000 (or a successor amount prescribed by the
2 Secretary under section 478(c)); or

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

8 (b) DATA ELEMENTS.—Section 474(b) (20 U.S.C.
9 1087m(b)) is amended—

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

11 (2) by redesignating paragraphs (5), (6), and
12 (7) as paragraphs (4), (5), and (6), respectively.

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

15 (1) in subsection (a)—

16 (A) in paragraph (1)—

17 (i) by striking “adjusted”; and

18 (ii) by inserting “and” after the semi-
19 colon;

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

22 (C) by striking paragraph (3);

23 (2) in subsection (b)—

24 (A) in the header, by striking “AD-
25 JUSTED”;

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

3 (C) by striking paragraph (1);

4 (D) by redesignating paragraphs (2) and
5 (3) as paragraphs (1) and (2), respectively;

6 (E) in paragraph (1) (as redesignated by
7 subparagraph (D) of this paragraph), by strik-
8 ing “adjusted”; and

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

13 (3) by repealing subsection (d);

14 (4) in subsection (e)—

15 (A) by striking “The adjusted available”
16 and inserting “The available”;

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

19 (C) by striking “From Adjusted Available
20 Income (AAI)” and inserting “From Available
21 Income (AI)”;

22 (D) in the table—

23 (i) by striking “*If AAI*” and inserting
24 “*If AI*”; and

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

3 (5) in subsection (f)—

4 (A) by striking “and assets” each place it
5 appears;

6 (B) in paragraph (2)(B), by striking “or
7 assets”; and

8 (C) in paragraph (3)—

9 (i) by striking “are taken into” and
10 inserting “is taken into”; and

11 (ii) by striking “adjusted”;

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

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

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

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

22 (1) in subsection (a)—

23 (A) by striking paragraph (1);

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

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

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

12 (A) by striking “and assets”; and

13 (B) by striking “or assets”.

14 (e) FAMILY CONTRIBUTION FOR INDEPENDENT STU-
15 DENTS WITH DEPENDENTS OTHER THAN A SPOUSE.—

16 Section 477 (20 U.S.C. 1087qq) is amended—

17 (1) in subsection (a)—

18 (A) by striking paragraph (1);

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

22 (C) in paragraph (1) (as redesignated by
23 subparagraph (B)), by striking “such adjusted
24 available income” and inserting “the family’s

1 available income (determined in accordance with
2 subsection (b))”;

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

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

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

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

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

18 (D) in the table—

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

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

23 (E) in subsection (e)—

24 (i) by striking “and assets”; and

25 (ii) by striking “or assets”.

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

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

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

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

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

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

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

22 (a) DEFINITION OF UNTAXED INCOME AND BENE-
23 FITS.—Section 480(b)(1) (20 U.S.C. 1087vv(b)(1)), as
24 amended by the Higher Education Opportunity Act (Pub-
25 lic Law 110–315), is amended—

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

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

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

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

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

14 (1) by striking “or” at the end of subparagraph
15 (B);

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

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

19 “(D) an employee pension benefit plan (as
20 defined in section 3(2) of the Employee Retire-
21 ment Income Security Act of 1974 (29 U.S.C.
22 1002(2))).”.

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

1 (d) SUSPENSION OF ELIGIBILITY FOR DRUG-RE-
2 LATED OFFENSES.—Section 484(r)(1) (20 U.S.C.
3 1091(r)(1)) is amended to read as follows:

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

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

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

18 **TITLE II—STUDENT LOAN**

19 **REFORM**

20 **Subtitle A—Stafford Loan Reform**

21 **SEC. 201. FEDERAL FAMILY EDUCATION LOAN APPROPRIA-** 22 **TIONS.**

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

24 (1) in subsection (b), in the matter following
25 paragraph (6), by inserting “, except that no sums

1 may be expended after June 30, 2010, with respect
2 to loans under this part for which the first disburse-
3 ment would be made after such date” after “ex-
4 pended”; and

5 (2) by adding at the end the following new sub-
6 section:

7 “(d) **TERMINATION OF AUTHORITY TO MAKE OR IN-**
8 **SURE NEW LOANS.**—Notwithstanding paragraphs (1)
9 through (6) of subsection (b) or any other provision of
10 law—

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

14 “(2) no funds are authorized to be appro-
15 priated, or may be expended, under this Act or any
16 other Act to make or insure loans under this part
17 (including consolidation loans) for which the first
18 disbursement would be made after June 30, 2010,
19 except as expressly authorized by an Act of Congress en-
20 acted after the date of enactment of Student Aid and Fis-
21 cal Responsibility Act of 2009.”.

22 **SEC. 202. SCOPE AND DURATION OF FEDERAL LOAN INSUR-**
23 **ANCE PROGRAM.**

24 Section 424(a) (20 U.S.C. 1074(a)) is amended by
25 striking “September 30, 1976,” and all that follows and

1 inserting “September 30, 1976, for each of the succeeding
2 fiscal years ending prior to October 1, 2009, and for the
3 period from October 1, 2009, to June 30, 2010, for loans
4 first disbursed on or before June 30, 2010.”.

5 **SEC. 203. APPLICABLE INTEREST RATES.**

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

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

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

11 (3) in paragraph (3), by inserting “and that
12 was disbursed before July 1, 2010,” after “July 1,
13 2006,”; and

14 (4) in paragraph (4)—

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

18 (B) by repealing subparagraphs (D) and
19 (E).

20 **SEC. 204. FEDERAL PAYMENTS TO REDUCE STUDENT IN-**
21 **TEREST COSTS.**

22 (a) HIGHER EDUCATION ACT OF 1965.—Section 428
23 (20 U.S.C. 1078) is amended—

24 (1) in subsection (a)—

1 (A) in paragraph (1), in the matter pre-
2 ceding subparagraph (A), by inserting “for
3 which the first disbursement is made before
4 July 1, 2010, and” after “eligible institution”;
5 and

6 (B) in paragraph (5), by striking “Sep-
7 tember 30, 2014,” and all that follows through
8 the period and inserting “June 30, 2010.”;
9 (2) in subsection (b)(1)—

10 (A) in subparagraph (G)(ii), by inserting
11 “and before July 1, 2010,” after “July 1,
12 2006,”; and

13 (B) in subparagraph (H)(ii), by inserting
14 “and that are first disbursed before July 1,
15 2010,” after “July 1, 2006,”;

16 (3) in subsection (f)(1)(A)(ii)—

17 (A) by striking “during fiscal years begin-
18 ning”; and

19 (B) by inserting “and first disbursed be-
20 fore July 1, 2010,” after “October 1, 2003,”;
21 and

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

1 (b) COLLEGE COST REDUCTION AND ACCESS ACT.—
2 Section 303 of the College Cost Reduction and Access Act
3 (Public Law 110–84) is repealed.

4 **SEC. 205. FEDERAL PLUS LOANS.**

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

8 **SEC. 206. FEDERAL CONSOLIDATION LOAN.**

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

11 (1) in subsection (a)—

12 (A) by amending paragraph (3)(B)(i)(V) to
13 read as follows:

14 “(V) an individual who has a consoli-
15 dation loan under this section and does not
16 have a consolidation loan under section
17 455(g) may obtain a subsequent consolida-
18 tion loan under section 455(g).”; and

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

22 (2) in subsection (b)—

23 (A) in paragraph (1)(E), by inserting be-
24 fore the semicolon “, and before July 1, 2010”
25 and

1 (B) in paragraph (5), by striking “In the
2 event that” and inserting “If, before July 1,
3 2010,”;

4 (3) in subsection (c)(1)—

5 (A) in subparagraph (A)(ii), by inserting
6 “and that is disbursed before July 1, 2010,”
7 after “2006,”; and

8 (B) in subparagraph (C), by inserting
9 “and first disbursed before July 1, 2010,” after
10 “1994,”; and

11 (4) in subsection (e), by striking “September
12 30, 2014.” and inserting “June 30, 2010. No loan
13 may be made under this section for which the first
14 disbursement would be on or after July 1, 2010.”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 subsection (a)(1)(A) shall be effective at the close of June
17 30, 2010.

18 **SEC. 207. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-**

19 **INCOME BORROWERS.**

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

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

24 (2) in subsection (b)—

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

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

6 (3) in subsection (h), by inserting “and that are
7 first disbursed before July 1, 2010,” after “July 1,
8 2006,”.

9 **SEC. 208. LOAN REPAYMENT FOR CIVIL LEGAL ASSISTANCE**

10 **ATTORNEYS.**

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

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

14 “(i) subject to clause (ii)—

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

18 or

19 “(II) a loan made under part D
20 or part E; and”; and

21 (2) in clause (ii)—

22 (A) by striking “428C or 455(g)” and in-
23 serting “428C, that is disbursed before July 1,
24 2010, or section 455(g)”; and

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

4 **SEC. 209. SPECIAL ALLOWANCES.**

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

6 (1) in subsection (b)(2)(I)—

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

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

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

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

15 (E) in clause (iv), by inserting “and that
16 is disbursed before July 1, 2010,” after
17 “2000,”;

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

20 (G) in clause (vi)—

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

23 (ii) in the matter preceding subclause
24 (I), by inserting “and before July 1,
25 2010,” after “2007,”;

1 (2) in subsection (c)—

2 (A) in paragraph (2)(B)—

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

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

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

8 (B) in paragraph (6), by inserting “and
9 first disbursed before July 1, 2010,” after
10 “1992,”; and

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

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

14 (a) REVISED CALCULATION RULE.—Section
15 438(b)(2)(I) of the Higher Education Act of 1965 (20
16 U.S.C. 1087–1(b)(2)(I)) is amended by adding at the end
17 the following new clause:

18 “(vii) REVISED CALCULATION RULE
19 TO REFLECT FINANCIAL MARKET CONDI-
20 TIONS.—

21 “(I) CALCULATION BASED ON
22 LIBOR.—For the calendar quarter be-
23 ginning on October 1, 2009, and each
24 subsequent calendar quarter, in com-
25 puting the special allowance paid pur-

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

16 “(II) LOANS ELIGIBLE FOR
17 LIBOR-BASED CALCULATION.—The
18 special allowance paid pursuant to
19 this subsection shall be calculated as
20 described in subclause (I) with respect
21 to special allowance payments for the
22 3-month period ending December 31,
23 2009, and each succeeding 3-month
24 period, on loans for which the first
25 disbursement is made—

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

6 “(bb) on or after January 1,
7 2000, and before the date of en-
8 actment of the Student Aid and
9 Fiscal Responsibility Act of
10 2009, if, not later than the last
11 day of the second full fiscal quar-
12 ter after the date of enactment of
13 such Act, the holder of the loan
14 affirmatively and permanently
15 waives all contractual, statutory
16 or other legal rights to a special
17 allowance paid pursuant to this
18 subsection that is calculated
19 using the formula in effect at the
20 time the loans were first dis-
21 bursed.

22 “(III) TERMS OF WAIVER.—A
23 waiver pursuant to subclause (II)(bb)
24 shall—

1 “(aa) be applicable to all
2 loans described in such subclause
3 that are held under any lender
4 identification number associated
5 with the holder (pursuant to sec-
6 tion 487B); and

7 “(bb) apply with respect to
8 all future calculations of the spe-
9 cial allowance on loans described
10 in such subclause that are held
11 on the date of such waiver or
12 that are acquired by the holder
13 after such date.

14 “(IV) PARTICIPANT’S YIELD.—
15 For the calendar quarter beginning on
16 October 1, 2009, and each subsequent
17 calendar quarter, the Secretary’s par-
18 ticipant yield in any loan for which
19 the first disbursement is made on or
20 after January 1, 2000, and before Oc-
21 tober 1, 2009, and that is held by a
22 lender that has sold any participation
23 interest in such loan to the Secretary
24 shall be determined by using the
25 LIBOR-based rate described in sub-

1 clause (I) as the substitute rate (for
2 the commercial paper rate) referred to
3 in the participation agreement be-
4 tween the Secretary and such lend-
5 er.”;

6 (b) CONFORMING AMENDMENT.—Section
7 438(b)(2)(I) (20 U.S.C. 1087–1(b)(2)(I)) is further
8 amended—

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

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

14 **SEC. 211. ORIGINATION OF DIRECT LOANS AT INSTITU-**
15 **TIONS LOCATED OUTSIDE THE UNITED**
16 **STATES.**

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

21 “(d) INSTITUTIONS LOCATED OUTSIDE THE UNITED
22 STATES.—Loan funds for students (and parents of stu-
23 dents) attending institutions located outside the United
24 States shall be disbursed through a financial institution
25 located in the United States and designated by the Sec-

1 retary to serve as the agent of such institutions with re-
2 spect to the receipt of the disbursements of such loan
3 funds and the transfer of such funds to such institutions.
4 To be eligible to receive funds under this part, an other-
5 wise eligible institution located outside the United States
6 shall make arrangements, subject to regulations by the
7 Secretary, with the agent designated by the Secretary
8 under this subsection to receive funds under this part.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) AMENDMENTS.—Section 102 (20 U.S.C.
11 1002), as amended by section 102 of the Higher
12 Education Opportunity Act (Public Law 110–315)
13 and section 101 of Public Law 111–39, is amend-
14 ed—

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

17 (B) in subsection (a)(1)(C), by inserting “,
18 consistent with the requirements of section
19 452(d)” before the period at the end; and

20 (C) in subsection (a)(2)(A)—

21 (i) in the matter preceding clause (i),
22 by striking “made, insured, or guaranteed”
23 and inserting “made”; and

24 (ii) in clause (iii)—

1 (I) in subclause (III), by striking
2 “only Federal Stafford” and all that
3 follows through “section 428B” and
4 inserting “only Federal Direct Staf-
5 ford Loans under section
6 455(a)(2)(A), Federal Direct Unsub-
7 sidized Stafford Loans under section
8 455(a)(2)(D), or Federal Direct
9 PLUS Loans under section
10 455(a)(2)(B)”; and

11 (II) in subclause (V), by striking
12 “a Federal Stafford” and all that fol-
13 lows through “section 428B” and in-
14 sserting “a Federal Direct Stafford
15 Loan under section 455(a)(2)(A), a
16 Federal Direct Unsubsidized Stafford
17 Loan under section 455(a)(2)(D), or a
18 Federal Direct PLUS Loan under
19 section 455(a)(2)(B)”.

20 (2) EFFECTIVE DATE.—The amendments made
21 by subparagraph (C) of paragraph (1) shall be effec-
22 tive on July 1, 2010, as if enacted as part of section
23 102(a)(1) of the Higher Education Opportunity Act
24 (Public Law 110–315).

1 **SEC. 212. AGREEMENTS WITH INSTITUTIONS.**

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

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

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

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

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

11 (1) in subsection (a)(1), by inserting “, and
12 first disbursed on June 30, 2010,” before “under
13 sections 428”; and

14 (2) in subsection (g)—

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

18 (B) by striking the third sentence.

19 (b) EFFECTIVE DATE.—The amendment made by
20 subsection (a)(1) shall apply with respect to loans first dis-
21 bursed under part D of title IV of the Higher Education
22 Act of 1965 (20 U.S.C. 1087a et seq.) on or after July
23 1, 2010.

24 **SEC. 214. CONTRACTS.**

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

26 (1) in subsection (a)—

1 (A) in paragraph (1)—

2 (i) in the header, by striking “IN
3 GENERAL” and inserting “AWARDING OF
4 CONTRACTS”;

5 (ii) by striking “The Secretary” and
6 inserting the following:

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

8 (iii) by adding at the end the fol-
9 lowing:

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

21 “(C) JOB RETENTION INCENTIVE PAY-
22 MENT.—(i) In a contract with an entity under
23 subparagraph (B) for the servicing of loans, the
24 Secretary shall provide a job retention incentive
25 payment, in an amount and manner determined

1 by the Secretary, if such entity agrees to give
2 priority for hiring for positions created as a re-
3 sult of such a contract to those geographical lo-
4 cations at which the entity performed student
5 loan origination or servicing activities under the
6 Federal Family Education Loan Program as of
7 the date of enactment of the Student Aid and
8 Fiscal Responsibility Act of 2009.

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

14 (B) in paragraph (2)—

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

18 (ii) by amending the third sentence to
19 read as follows: “The entities with which
20 the Secretary may enter into such con-
21 tracts shall include, where practicable,
22 agencies with agreements with the Sec-
23 retary under sections 428(b) and (c) on
24 the date of the enactment of the Student
25 Aid and Fiscal Responsibility Act of 2009,

1 and eligible not-for-profit servicers, if such
2 agencies or servicers meet the qualifica-
3 tions as determined by the Secretary under
4 this subsection and if those agencies or
5 servicers have such experience and dem-
6 onstrated effectiveness.”; and

7 (iii) by striking the last sentence and
8 inserting the following: “In awarding con-
9 tracts to such State agencies, and such eli-
10 gible not-for-profit servicers, the Secretary
11 shall, to the extent practicable and con-
12 sistent with the purposes of this part, give
13 special consideration to State agencies and
14 such servicers with a history of high qual-
15 ity performance and demonstrated integ-
16 rity in conducting operations with institu-
17 tions of higher education and the Sec-
18 retary.”;

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

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

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

5 “(A) IN GENERAL.—Notwithstanding any
6 other provision of this section, in each State
7 where one or more eligible not-for-profit
8 servicer has its principal place of business, the
9 Secretary shall contract with each such servicer
10 to service loans originated under this part on
11 behalf of borrowers attending institutions lo-
12 cated within such State, provided that the
13 servicer demonstrates that it meets the stand-
14 ards for servicing Federal assets and providing
15 quality service and agrees to service the loans
16 at a competitive market rate, as determined by
17 the Secretary. In determining such a competi-
18 tive market rate, the Secretary may take into
19 account the volume of loans serviced by the
20 servicer. Contracts awarded under this para-
21 graph shall be subject to the same requirements
22 for quality, performance, and accountability as
23 contracts awarded under paragraph (2) for
24 similar activities.

1 “(B) ALLOCATIONS.—(i) ONE
2 SERVICER.—In the case of a State with only
3 one eligible not-for-profit servicer with a con-
4 tract described in subparagraph (A), the Sec-
5 retary shall, at a minimum, allocate to such
6 servicer, on an annual basis and subject to such
7 contract, the servicing rights for the lesser of—

8 “(I) the loans of 100,000 borrowers
9 (including borrowers who borrowed loans
10 in a prior year that were serviced by the
11 servicer) attending institutions located
12 within the State; or

13 “(II) the loans of all the borrowers at-
14 tending institutions located within the
15 State.

16 “(ii) MULTIPLE SERVICERS.—In the case
17 of a State with more than one eligible not-for-
18 profit servicer with a contract described in sub-
19 paragraph (A), the Secretary shall, at a min-
20 imum, allocate to each such servicer, on an an-
21 nual basis and subject to such contract, the
22 servicing rights for the lesser of—

23 “(I) the loans of 100,000 borrowers
24 (including borrowers who borrowed loans
25 in a prior year that were serviced by the

1 servicer) attending institutions located
2 within the State; or

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

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

15 “(C) MULTIPLE LOANS.—Notwithstanding
16 the allocations required by subparagraph (B),
17 the Secretary may transfer loans among
18 servicers who are awarded contracts to service
19 loans pursuant to this section to ensure that
20 the loans of any single borrower remain with a
21 single servicer.”; and

22 (2) by adding at the end the following:

23 “(c) REPORT TO CONGRESS.—Not later than 3 years
24 after the date of the enactment of the Student Aid and
25 Fiscal Responsibility Act of 2009, the Secretary shall pre-

1 pare and submit to the authorizing committees, a report
2 evaluating the performance of all eligible not-for-profit
3 servicers awarded a contract under this section to service
4 loans originated under this part. Such report shall give
5 consideration to—

6 “(1) customer satisfaction of borrowers and in-
7 stitutions with respect to the loan servicing provided
8 by the servicers;

9 “(2) compliance with applicable regulations by
10 the servicers; and

11 “(3) the effectiveness of default aversion activi-
12 ties, and outreach services (if any), provided by the
13 servicers.

14 “(d) DEFINITIONS.—In this section:

15 “(1) DEFAULT AVERSION ACTIVITIES.—The
16 term ‘default aversion activities’ means activities
17 that are directly related to providing collection as-
18 sistance to the Secretary on a delinquent loan, prior
19 to the loan being legally in a default status, includ-
20 ing due diligence activities required pursuant to reg-
21 ulations.

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

23 “(A) IN GENERAL.—The term ‘eligible not-
24 for-profit servicer’ means an entity that, on the

1 date of enactment of the Student Aid and Fis-
2 cal Responsibility Act of 2009—

3 “(i) meets the definition of an eligible
4 not-for-profit holder under section 435(p),
5 except that such term does not include eli-
6 gible lenders described in paragraph
7 (1)(D) of such section;

8 “(ii) notwithstanding clause (i), is the
9 sole beneficial owner of a loan for which
10 the special allowance rate is calculated
11 under section 438(b)(2)(I)(vi)(II) because
12 the loan is held by an eligible lender trust-
13 ee that is an eligible not-for-profit holder
14 as defined under section 435(p)(1)(D); or

15 “(iii) is an affiliated entity of an eligi-
16 ble not-for-profit servicer described in
17 clause (i) or (ii) that—

18 “(I) directly employs, or will di-
19 rectly employ (on or before the date
20 the entity begins servicing loans under
21 a contract awarded by the Secretary
22 pursuant to subsection (a)(3)(A)), the
23 majority of individuals who perform
24 student loan servicing functions; and

1 “(II) on such date of enactment,
2 was performing, or had entered into a
3 contract with a third party servicer
4 (as such term is defined in section
5 481(c)) who was performing, student
6 loan servicing functions for loans
7 made under part B of this title.

8 “(B) AFFILIATED ENTITY.—For the pur-
9 poses of subparagraph (A), the term ‘affiliated
10 entity’ means an entity contracted to perform
11 services for an eligible not-for-profit servicer
12 that—

13 “(i) is a nonprofit entity or is wholly
14 owned by a nonprofit entity; and

15 “(ii) is not owned or controlled, in
16 whole or in part, by—

17 “(I) a for-profit entity; or

18 “(II) an entity having its prin-
19 cipal place of business in another
20 State.

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

25 “(A) encourage—

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

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

7 “(B) deliver financial literacy and coun-
8 seling tools.”.

9 **SEC. 215. INTEREST RATES.**

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

12 “(E) REDUCED RATES FOR UNDER-
13 GRADUATE FDSL ON AND AFTER JULY 1,
14 2012.—Notwithstanding the preceding para-
15 graphs of this subsection and subparagraph (A)
16 of this paragraph, for Federal Direct Stafford
17 Loans made to undergraduate students for
18 which the first disbursement is made on or
19 after July 1, 2012, the applicable rate of inter-
20 est shall, during any 12-month period beginning
21 on July 1 and ending on June 30, be deter-
22 mined on the preceding June 1 and be equal
23 to—

1 “(i) the bond equivalent rate of 91-
2 day Treasury bills auctioned at the final
3 auction held prior to such June 1; plus
4 “(ii) 2.5 percent,
5 except that such rate shall not exceed 6.8 per-
6 cent.”.

7 **Subtitle B—Perkins Loan Reform**

8 **SEC. 221. FEDERAL DIRECT PERKINS LOANS TERMS AND** 9 **CONDITIONS.**

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

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

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

17 “(b) IN GENERAL.—It is the purpose of this section
18 to authorize loans to be awarded by institutions of higher
19 education through agreements established under section
20 463(f). Unless otherwise specified in this section, all terms
21 and conditions and other requirements applicable to Fed-
22 eral Direct Unsubsidized Stafford loans established under
23 section 455(a)(2)(D) shall apply to loans made pursuant
24 to this section.

1 “(c) **ELIGIBLE BORROWERS.**—Any student meeting
2 the requirements for student eligibility under section
3 464(b) (including graduate and professional students as
4 defined in regulations promulgated by the Secretary) shall
5 be eligible to borrow a Federal Direct Perkins Loan, pro-
6 vided the student attends an eligible institution with an
7 agreement with the Secretary under section 463(f), and
8 the institution uses its authority under that agreement to
9 award the student a loan.

10 “(d) **LOAN LIMITS.**—The annual and aggregate lim-
11 its for loans under this section shall be the same as those
12 established under section 464, and aggregate limits shall
13 include loans made by institutions under agreements
14 under section 463(a).

15 “(e) **APPLICABLE RATES OF INTEREST.**—Loans
16 made pursuant to this section shall bear interest, on the
17 unpaid balance of the loan, at the rate of 5 percent per
18 year.”.

19 **SEC. 222. AUTHORIZATION OF APPROPRIATIONS.**

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

21 (1) in subsection (a), by inserting “, before July
22 1, 2010,” after “The Secretary shall”;

23 (2) in subsection (b)—

24 (A) in paragraph (1)—

- 1 (i) by striking “(1) For the purpose”
2 and inserting “For the purpose”; and
3 (ii) by striking “and for each of the
4 five succeeding fiscal years”; and
5 (B) by striking paragraph (2); and
6 (3) by striking subsection (c).

7 **SEC. 223. ALLOCATION OF FUNDS.**

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

9 (1) in subsection (a)(1), by striking “From”
10 and inserting “For any fiscal year before fiscal year
11 2010, from”; and

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

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

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

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

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

20 “(1) to allocate, among eligible and partici-
21 pating institutions (as such terms are defined in this
22 section), the authority to make Federal Direct Per-
23 kins Loans under section 455A with a portion of the
24 annual loan authority described in subsection (b);
25 and

1 “(2) to make funds available, in accordance
2 with section 452, to each participating institution
3 from a portion of the annual loan authority de-
4 scribed in subsection (b), in an amount not to exceed
5 the sum of an institution’s allocation of funds under
6 subparagraphs (A), (B), and (C) of subsection (b)(1)
7 to enable each such institution to make Federal Di-
8 rect Perkins Loans to eligible students at the insti-
9 tution.

10 “(b) AVAILABLE DIRECT PERKINS ANNUAL LOAN
11 AUTHORITY.—

12 “(1) AVAILABILITY AND ALLOCATIONS.—There
13 are hereby made available, from funds made avail-
14 able for loans made under part D, not to exceed
15 \$6,000,000,000 of annual loan authority for award
16 year 2010–2011 and each succeeding award year, to
17 be allocated as follows:

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

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

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

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

23 “(c) ADJUSTED SELF-HELP NEED AMOUNT.—For
24 the purposes of subsection (b)(1)(A), the Secretary shall

1 calculate the adjusted self-help need amount of each eligi-
2 ble institution for an award year as follows:

3 “(1) USE OF BASE SELF-HELP NEED
4 AMOUNTS.—

5 “(A) IN GENERAL.—Except as provided in
6 paragraphs (2), (3), and (4), the adjusted self-
7 help need amount of each eligible institution
8 shall be the institution’s base self-help need
9 amount, which is the sum of—

10 “(i) the self-help need of the institu-
11 tion’s eligible undergraduate students for
12 such award year; and

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

16 “(B) UNDERGRADUATE STUDENT SELF-
17 HELP NEED.—To determine the self-help need
18 of an institution’s eligible undergraduate stu-
19 dents, the Secretary shall determine the sum of
20 each eligible undergraduate student’s average
21 cost of attendance for the second preceding
22 award year less each such student’s expected
23 family contribution (computed in accordance
24 with part F) for the second preceding award
25 year, except that, for each such eligible under-

1 graduate student, the amount computed by
2 such subtraction shall not be less than zero or
3 more than the lesser of—

4 “(i) 25 percent of the average cost of
5 attendance with respect to such eligible
6 student; or

7 “(ii) \$5,500.

8 “(C) GRADUATE AND PROFESSIONAL STU-
9 DENT SELF-HELP NEED.—To determine the
10 self-help need of an institution’s eligible grad-
11 uate and professional students, the Secretary
12 shall determine the sum of each eligible grad-
13 uate and professional student’s average cost of
14 attendance for the second preceding award year
15 less each such student’s expected family con-
16 tribution (computed in accordance with part F)
17 for such second preceding award year, except
18 that, for each such eligible graduate and profes-
19 sional student, the amount computed by such
20 subtraction shall not be less than zero or more
21 than \$8,000.

22 “(2) RATABLE REDUCTION ADJUSTMENTS.—If
23 the sum of the base self-help need amounts of all eli-
24 gible institutions for an award year as determined
25 under paragraph (1) exceeds $\frac{1}{2}$ of the annual loan

1 authority under subsection (b) for such award year,
2 the Secretary shall ratably reduce the base self-help
3 need amounts of all eligible institutions until the
4 sum of such amounts is equal to the amount that is
5 $\frac{1}{2}$ of the annual loan authority under subsection
6 (b).

7 “(3) REQUIRED MINIMUM AMOUNT.—Notwith-
8 standing paragraph (2), the adjusted self-help need
9 amount of each eligible institution shall not be less
10 than the average of the institution’s total principal
11 amount of loans made under this part for each of
12 the 5 most recent award years.

13 “(4) ADDITIONAL ADJUSTMENTS.—If the Sec-
14 retary determines that a ratable reduction under
15 paragraph (2) results in the adjusted self-help need
16 amount of any eligible institution being reduced
17 below the minimum amount required under para-
18 graph (3), the Secretary shall—

19 “(A) for each institution for which the
20 minimum amount under paragraph (3) is not
21 satisfied, increase the adjusted self-help need
22 amount to the amount of the required minimum
23 under such subparagraph; and

24 “(B) ratably reduce the adjusted self-help
25 need amounts of all eligible institutions not de-

1 scribed in subparagraph (A) until the sum of
2 the adjusted self-help need amounts of all eligi-
3 ble institutions is equal to the amount that is
4 $\frac{1}{2}$ of the annual loan authority under sub-
5 section (b).

6 “(d) LOW TUITION INCENTIVE AMOUNT.—

7 “(1) IN GENERAL.—For purposes of subsection
8 (b)(1)(B), the Secretary shall determine the low tui-
9 tion incentive amount for each participating institu-
10 tion for each award year, by calculating for each
11 such institution the sum of—

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

14 “(i) the average tuition and required
15 fees for the institution’s sector for the sec-
16 ond preceding award year; exceeds

17 “(ii) the tuition and required fees for
18 the second preceding award year for each
19 undergraduate and graduate student at-
20 tending the institution who had financial
21 need (as determined under part F); plus

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

24 “(i) the total amount for the second
25 preceding award year of non-Federal grant

1 aid provided to meet the financial need of
2 all undergraduate students attending the
3 institution (as determined without regard
4 to financial aid not received under this
5 title); exceeds

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

8 “(I) the tuition and required fees
9 of each such student with such finan-
10 cial need; exceeds

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

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

23 “(e) FEDERAL PELL GRANT AND DEGREE RECIPI-
24 ENT AMOUNT.—For purposes of subsection (b)(1)(C), the
25 Secretary shall determine the Federal Pell Grant and de-

1 gree recipient amount for each participating institution for
2 each award year, by calculating for each such institution
3 the ratio of—

4 “(1) the number of students who, during the
5 most recent year for which data are available, ob-
6 tained an associate’s degree or other postsecondary
7 degree from such participating institution and, prior
8 to obtaining such degree, received a Federal Pell
9 Grant for attendance at any institution of higher
10 education; to

11 “(2) the sum of the number of students who,
12 during the most recent year for which data are
13 available, obtained an associate’s degree or other
14 postsecondary degree from each participating insti-
15 tution and, prior to obtaining such degree, received
16 a Federal Pell Grant for attendance at any institu-
17 tion of higher education.

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

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

24 “(2) AVERAGE COST OF ATTENDANCE.—

1 “(A) IN GENERAL.—The term ‘average
2 cost of attendance’ means the average of the at-
3 tendance costs for undergraduate students and
4 for graduate and professional students, respec-
5 tively, for the second preceding award year
6 which shall include—

7 “(i) tuition and required fees deter-
8 mined in accordance with subparagraph
9 (B);

10 “(ii) standard living expenses deter-
11 mined in accordance with subparagraph
12 (C); and

13 “(iii) books and supplies determined
14 in accordance with subparagraph (D).

15 “(B) TUITION AND REQUIRED FEES.—The
16 average undergraduate and graduate and pro-
17 fessional tuition and required fees described in
18 subparagraph (A)(i) shall be computed on the
19 basis of information reported by the institution
20 to the Secretary, which shall include—

21 “(i) total revenue received by the in-
22 stitution from undergraduate and graduate
23 and professional students, respectively, for
24 tuition and required fees for the second
25 preceding award year; and

1 “(ii) the institution’s full-time equiva-
2 lent enrollment of undergraduate and
3 graduate and professional students, respec-
4 tively, for such second preceding award
5 year.

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

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

22 “(3) AVERAGE TUITION AND REQUIRED FEES
23 FOR THE INSTITUTION’S SECTOR.—The term ‘aver-
24 age tuition and required fees for the institution’s

1 sector' shall be determined by the Secretary for each
2 of the categories described in section 132(d).

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

7 “(5) PARTICIPATING INSTITUTION.—The term
8 ‘participating institution’ means an institution of
9 higher education that has an agreement under sec-
10 tion 463(f).

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

13 **SEC. 225. AGREEMENTS WITH INSTITUTIONS OF HIGHER**
14 **EDUCATION.**

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

17 (1) in subsection (a)—

18 (A) in the heading, by inserting “FOR
19 LOANS MADE BEFORE JULY 1, 2010” after
20 “AGREEMENTS”;

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

23 (C) in paragraph (4), by striking “there-
24 on—” and all that follows and inserting “there-
25 on, if the institution has failed to maintain an

1 acceptable collection record with respect to such
2 loan, as determined by the Secretary in accord-
3 ance with criteria established by regulation, the
4 Secretary may require the institution to assign
5 such note or agreement to the Secretary, with-
6 out recompense;” and

7 (D) in paragraph (5), by striking “and the
8 Secretary shall apportion” and all that follows
9 through “in accordance with section 462” and
10 inserting “and the Secretary shall return a por-
11 tion of funds from loan repayments to the insti-
12 tution as specified in section 466(b)”;

13 (2) by amending subsection (b) to read as fol-
14 lows:

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

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

1 “(f) CONTENTS OF AGREEMENTS FOR LOANS MADE
2 ON OR AFTER JULY 1, 2010.—An agreement with any
3 institution of higher education that elects to participate
4 in the Federal Direct Perkins Loan program under section
5 455A shall provide—

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

11 “(2) that the institution, unless otherwise speci-
12 fied in this subsection, shall operate the program
13 consistent with the requirements of agreements es-
14 tablished under section 454;

15 “(3) that the institution will pay matching
16 funds, quarterly, in an amount agreed to by the in-
17 stitution and the Secretary, to an escrow account
18 approved by the Secretary, for the purpose of pro-
19 viding loan benefits to borrowers;

20 “(4) that if the institution fails to meet the re-
21 quirements of paragraph (3), the Secretary shall
22 suspend or terminate the institution’s eligibility to
23 make Federal Direct Perkins Loans under section
24 455A until such time as the Secretary determines,

1 in accordance with section 498, that the institution
2 has met the requirements of such paragraph; and

3 “(5) that if the institution ceases to be an eligi-
4 ble institution within the meaning of section 435(a)
5 by reason of having a cohort default rate that ex-
6 ceeds the threshold percentage specified paragraph
7 (2) of such section, the Secretary shall suspend or
8 terminate the institution’s eligibility to make Fed-
9 eral Direct Perkins Loans under section 455A un-
10 less and until the institution would qualify for a re-
11 sumption of eligible institution status under such
12 section.”.

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

16 **SEC. 226. STUDENT LOAN INFORMATION BY ELIGIBLE IN-**
17 **STITUTIONS.**

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

19 (1) in subsection (a), by striking “Each institu-
20 tion” and inserting “For loans made before July 1,
21 2010, each institution”; and

22 (2) in subsection (b), by striking “Each institu-
23 tion” and inserting “For loans made before July 1,
24 2010, each institution”.

1 **SEC. 227. TERMS OF LOANS.**

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

3 (1) in subsection (a)(1), by striking “section
4 463” and inserting “section 463(a)”;

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

7 (3) in subsection (c)—

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

10 (B) in paragraph (2)—

11 (i) in subparagraph (A), by inserting
12 “made before July 1, 2010,” after “any
13 loan”; and

14 (ii) in subparagraph (B), by inserting
15 “made before July 1, 2010,” after “any
16 loan”;

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

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

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

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

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

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

6 (6) by repealing subsection (f);

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

9 (8) in subsection (h)—

10 (A) in paragraph (1)(A) by inserting “be-
11 fore July 1, 2010,” after “made under this
12 part”; and

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

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

17 **SEC. 228. DISTRIBUTION OF ASSETS FROM STUDENT LOAN**
18 **FUNDS.**

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

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

22 (2) by amending subsection (b) to read as fol-
23 lows:

24 “(b) REIMBURSEMENT FOR CANCELLATIONS.—

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

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

10 “(B) an amount equal to the aggregate of
11 the amounts of any such loans so canceled that
12 were made from Federal capital contributions
13 to its student loan fund.

14 “(2) RETAINED LOANS.—In the case of loans
15 made under this part before July 1, 2010, and that
16 are retained by the institution for servicing, the in-
17 stitution shall deduct from loan repayments owed to
18 the Secretary under section 466, an amount equal
19 to—

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

23 “(B) an amount equal to the aggregate of
24 the amounts of any such loans so canceled that

1 were made from Federal capital contributions
2 to its student loan fund.”.

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

5 **“SEC. 466. DISTRIBUTION OF ASSETS FROM STUDENT LOAN**
6 **FUNDS.**

7 “(a) CAPITAL DISTRIBUTION.—Beginning July 1,
8 2010, there shall be a capital distribution of the balance
9 of the student loan fund established under this part by
10 each institution of higher education as follows:

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

18 “(A) the sum of such Federal contribu-
19 tions and the institution’s capital contributions
20 to such fund, less

21 “(B) an amount equal to—

22 “(i) the institution’s outstanding ad-
23 ministrative costs as calculated under sec-
24 tion 463(b),

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

3 “(iii) outstanding loan cancellation
4 costs incurred under section 465.

5 “(2) At the end of each quarter subsequent to
6 the quarter ending September 30, 2010, the Sec-
7 retary shall first be paid an amount that bears the
8 same ratio to the cash balance in such fund at the
9 close of the preceding quarter, as the total amount
10 of the Federal capital contributions to such fund by
11 the Secretary under this part bears to—

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

15 “(B) an amount equal to—

16 “(i) the institution’s administrative
17 costs incurred for that quarter as cal-
18 culated under section 463(b),

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

21 “(iii) loan cancellation costs incurred
22 for that quarter under section 465.

23 “(3)(A) The Secretary shall calculate the
24 amounts due to the Secretary under paragraph (1)
25 (adjusted in accordance with subparagraph (B), as

1 appropriate) and paragraph (2) and shall promptly
2 inform the institution of such calculated amounts.

3 “(B) In the event that, prior to the date of en-
4 actment of the Student Aid and Fiscal Responsi-
5 bility Act of 2009, an institution made a short-term,
6 interest-free loan to the institution’s student loan
7 fund established under this part in anticipation of
8 collections or receipt of Federal capital contribu-
9 tions, and the institution demonstrates to the Sec-
10 retary, on or before June 30, 2010, that such loan
11 will still be outstanding after June 30, 2010, the
12 Secretary shall subtract the amount of such out-
13 standing loan from the cash balance of the institu-
14 tion’s student loan fund that is used to calculate the
15 amount due to the Secretary under paragraph (1).
16 An adjustment of an amount due to the Secretary
17 under this subparagraph shall be made by the Sec-
18 retary on a case-by-case basis.

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

1 “(5) Each institution shall make the quarterly
2 payments to the Secretary described in paragraph
3 (2) until all outstanding Federal Perkins Loans at
4 that institution have been assigned to the Secretary
5 and there are no funds remaining in the institution’s
6 student loan fund.

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

20 “(b) ASSIGNMENT OF OUTSTANDING LOANS.—Be-
21 ginning July 1, 2010, an institution of higher education
22 may assign all outstanding loans made under this part be-
23 fore July 1, 2010, to the Secretary, consistent with the
24 requirements of section 463(a)(5). In collecting loans so
25 assigned, the Secretary shall pay an institution an amount

1 that constitutes the same fraction of such collections as
2 the fraction of the cash balance that the institution retains
3 under subsection (a)(2), but determining such fraction
4 without regard to subparagraph (B)(i) of such sub-
5 section.”.

6 **SEC. 229. ADMINISTRATIVE EXPENSES.**

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

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

10 (2) in the third sentence—

11 (A) by inserting “and” after “subpart 3 of
12 part A,”; and

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

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

20 **SEC. 301. DEFINITIONS.**

21 In this subtitle:

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

1 (2) The term “charter school” has the meaning
2 given such term in section 5210 of the Elementary
3 and Secondary Education Act of 1965 (20 U.S.C.
4 7221i).

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

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

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

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

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

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

1 (B) includes any public charter school that
2 constitutes a local educational agency under
3 State law; and

4 (C) includes the Recovery School District
5 of Louisiana.

6 (8) The term “outlying area”—

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

11 (B) includes the Republic of Palau.

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

17 (10) The term “Secretary” means the Secretary
18 of Education.

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

1 **CHAPTER 1—GRANTS FOR MODERNIZA-**
2 **TION, RENOVATION, OR REPAIR OF**
3 **PUBLIC SCHOOL FACILITIES**

4 **SEC. 311. PURPOSE.**

5 Grants under this chapter shall be for the purpose
6 of modernizing, renovating, or repairing public school fa-
7 cilities (including early learning facilities, as appropriate),
8 based on the need of the facilities for such improvements,
9 to ensure that public school facilities are safe, healthy,
10 high-performing, and technologically up-to-date.

11 **SEC. 312. ALLOCATION OF FUNDS.**

12 (a) RESERVATION.—

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

18 (A) to provide assistance to the outlying
19 areas; and

20 (B) for payments to the Secretary of the
21 Interior to provide assistance to Bureau-funded
22 schools.

23 (2) USE OF RESERVED FUNDS.—In each fiscal
24 year, the amount reserved under paragraph (1) shall
25 be divided between the uses described in subpara-

1 graphs (A) and (B) of such paragraph in the same
2 proportion as the amount reserved under section
3 1121(a) of the Elementary and Secondary Edu-
4 cation Act of 1965 (20 U.S.C. 6331(a)) is divided
5 between the uses described in paragraphs (1) and
6 (2) of such section 1121(a) in such fiscal year.

7 (3) DISTRESSED AREAS AND NATURAL DISAS-
8 TERS.—From the amount appropriated to carry out
9 this chapter for each fiscal year pursuant to section
10 345(a), the Secretary shall reserve 5 percent of such
11 amount for grants to—

12 (A) local educational agencies serving geo-
13 graphic areas with significant economic distress,
14 to be used consistent with the purpose de-
15 scribed in section 311 and the allowable uses of
16 funds described in section 313; and

17 (B) local educational agencies serving geo-
18 graphic areas recovering from a natural dis-
19 aster, to be used consistent with the purpose
20 described in section 321 and the allowable uses
21 of funds described in section 323.

22 (b) ALLOCATION TO STATES.—

23 (1) STATE-BY-STATE ALLOCATION.—Of the
24 amount appropriated to carry out this chapter for
25 each fiscal year pursuant to section 345(a), and not

1 reserved under subsection (a), each State shall be al-
2 located an amount in proportion to the amount re-
3 ceived by all local educational agencies in the State
4 under part A of title I of the Elementary and Sec-
5 ondary Education Act of 1965 (20 U.S.C. 6311 et
6 seq.) for the previous fiscal year relative to the total
7 amount received by all local educational agencies in
8 every State under such part for such fiscal year.

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

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

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

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

24 (i) Site location, storm water manage-
25 ment, outdoor surfaces, outdoor lighting,

1 and transportation, including public transit
2 and pedestrian and bicycle accessibility.

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

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

12 (iv) Use of durable, sustainable mate-
13 rials and waste reduction.

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

20 (vi) Operations and management,
21 such as use of energy-efficient equipment,
22 indoor environmental management plan,
23 maintenance plan, and pest management.

24 (3) GRANTS TO LOCAL EDUCATIONAL AGEN-
25 CIES.—From the amount allocated to a State under

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

13 (4) SPECIAL RULE.—Section 1122(c)(3) of the
14 Elementary and Secondary Education Act of 1965
15 (20 U.S.C. 6332(c)(3)) shall not apply to paragraph
16 (1) or (3).

17 (c) SPECIAL RULES.—

18 (1) DISTRIBUTIONS BY SECRETARY.—The Sec-
19 retary shall make and distribute the reservations
20 and allocations described in subsections (a) and (b)
21 not later than 120 days after an appropriation of
22 funds for this chapter is made.

23 (2) DISTRIBUTIONS BY STATES.—A State shall
24 make and distribute the allocations described in sub-

1 section (b)(3) within 90 days of receiving such funds
2 from the Secretary.

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

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

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

14 (2) repair, replacement, or installation of heat-
15 ing, ventilation, or air conditioning systems, includ-
16 ing insulation, and conducting indoor air quality as-
17 sessments;

18 (3) compliance with fire, health, seismic, and
19 safety codes, including professional installation of
20 fire and life safety alarms, and modernizations, ren-
21 ovations, and repairs that ensure that schools are
22 prepared for emergencies, such as improving build-
23 ing infrastructure to accommodate security measures
24 and installing or upgrading technology to ensure
25 that schools are able to respond to emergencies such

1 as acts of terrorism, campus violence, and natural
2 disasters;

3 (4) retrofitting necessary to increase the energy
4 efficiency of public school facilities;

5 (5) modifications necessary to make facilities
6 accessible in compliance with the Americans with
7 Disabilities Act of 1990 (42 U.S.C. 12101 et seq.)
8 and section 504 of the Rehabilitation Act of 1973
9 (29 U.S.C. 794);

10 (6) abatement, removal, or interim controls of
11 asbestos, polychlorinated biphenyls, mold, mildew,
12 lead-based hazards, including lead-based paint haz-
13 ards, or a proven carcinogen;

14 (7) measures designed to reduce or eliminate
15 human exposure to classroom noise and environ-
16 mental noise pollution;

17 (8) modernization, renovation, or repair nec-
18 essary to reduce the consumption of coal, electricity,
19 land, natural gas, oil, or water;

20 (9) installation or upgrading of educational
21 technology infrastructure;

22 (10) modernization, renovation, or repair of
23 science and engineering laboratories, libraries, and
24 career and technical education facilities, and im-

1 improvements to building infrastructure to accommo-
2 date bicycle and pedestrian access;

3 (11) installation or upgrading of renewable en-
4 ergy generation and heating systems, including
5 solar, photovoltaic, wind, biomass (including wood
6 pellet and woody biomass), waste-to-energy, and
7 solar-thermal and geothermal systems, and for en-
8 ergy audits;

9 (12) measures designed to reduce or eliminate
10 human exposure to airborne particles such as dust,
11 sand, and pollens;

12 (13) creating greenhouses, gardens (including
13 trees), and other facilities for environmental, sci-
14 entific, or other educational purposes, or to produce
15 energy savings;

16 (14) modernizing, renovating, or repairing
17 physical education facilities for students, including
18 upgrading or installing recreational structures made
19 from post-consumer recovered materials in accord-
20 ance with the comprehensive procurement guidelines
21 prepared by the Administrator of the Environmental
22 Protection Agency under section 6002(e) of the
23 Solid Waste Disposal Act (42 U.S.C. 6962(e));

24 (15) other modernization, renovation, or repair
25 of public school facilities to—

1 (A) improve teachers' ability to teach and
2 students' ability to learn;

3 (B) ensure the health and safety of stu-
4 dents and staff;

5 (C) make them more energy efficient; or

6 (D) reduce class size; and

7 (16) required environmental remediation related
8 to modernization, renovation, or repair described in
9 paragraphs (1) through (15).

10 **SEC. 314. PRIORITY PROJECTS.**

11 In selecting a project under section 313, a local edu-
12 cational agency may give priority to projects involving the
13 abatement, removal, or interim controls of asbestos, poly-
14 chlorinated biphenyls, mold, mildew, lead-based hazards,
15 including lead-based paint hazards, or a proven car-
16 cinogen.

17 **CHAPTER 2—SUPPLEMENTAL GRANTS**
18 **FOR LOUISIANA, MISSISSIPPI, AND**
19 **ALABAMA**

20 **SEC. 321. PURPOSE.**

21 Grants under this chapter shall be for the purpose
22 of modernizing, renovating, repairing, or constructing
23 public school facilities, including, where applicable, early
24 learning facilities, based on the need for such improve-
25 ments or construction, to ensure that public school facili-

1 ties are safe, healthy, high-performing, and technologically
2 up-to-date.

3 **SEC. 322. ALLOCATION TO LOCAL EDUCATIONAL AGEN-**
4 **CIES.**

5 (a) IN GENERAL.—Of the amount appropriated to
6 carry out this chapter for each fiscal year pursuant to sec-
7 tion 345(b), the Secretary shall allocate to local edu-
8 cational agencies in Louisiana, Mississippi, and Alabama
9 an amount equal to the infrastructure damage inflicted on
10 public school facilities in each such district by Hurricane
11 Katrina or Hurricane Rita in 2005 relative to the total
12 of such infrastructure damage so inflicted in all such dis-
13 tricts, combined.

14 (b) DISTRIBUTION BY SECRETARY.—The Secretary
15 shall determine and distribute the allocations described in
16 subsection (a) not later than 120 days after an appropria-
17 tion of funds for this chapter is made.

18 **SEC. 323. ALLOWABLE USES OF FUNDS.**

19 A local educational agency receiving a grant under
20 this chapter shall use the grant for one or more of the
21 activities described in section 313, except that an agency
22 receiving a grant under this chapter also may use the
23 grant for the construction of new public school facilities.

1 **CHAPTER 3—GENERAL PROVISIONS**

2 **SEC. 331. IMPERMISSIBLE USES OF FUNDS.**

3 No funds received under this subtitle may be used
4 for—

5 (1) payment of maintenance costs, including
6 routine repairs classified as current expenditures
7 under State or local law;

8 (2) stadiums or other facilities primarily used
9 for athletic contests or exhibitions or other events
10 for which admission is charged to the general public;

11 (3) improvement or construction of facilities the
12 purpose of which is not the education of children, in-
13 cluding central office administration or operations or
14 logistical support facilities; or

15 (4) purchasing carbon offsets.

16 **SEC. 332. SUPPLEMENT, NOT SUPPLANT.**

17 A local educational agency receiving a grant under
18 this subtitle shall use such Federal funds only to supple-
19 ment and not supplant the amount of funds that would,
20 in the absence of such Federal funds, be available for mod-
21 ernization, renovation, repair, and construction of public
22 school facilities.

23 **SEC. 333. PROHIBITION REGARDING STATE AID.**

24 A State shall not take into consideration payments
25 under this subtitle in determining the eligibility of any

1 local educational agency in that State for State aid, or
2 the amount of State aid, with respect to free public edu-
3 cation of children.

4 **SEC. 334. MAINTENANCE OF EFFORT.**

5 (a) IN GENERAL.—A local educational agency may
6 receive a grant under this subtitle for any fiscal year only
7 if either the combined fiscal effort per student or the ag-
8 gregate expenditures of the agency and the State involved
9 with respect to the provision of free public education by
10 the agency for the preceding fiscal year was not less than
11 90 percent of the combined fiscal effort or aggregate ex-
12 penditures for the second preceding fiscal year.

13 (b) REDUCTION IN CASE OF FAILURE TO MEET
14 MAINTENANCE OF EFFORT REQUIREMENT.—

15 (1) IN GENERAL.—The State educational agen-
16 cy shall reduce the amount of a local educational
17 agency's grant in any fiscal year in the exact propor-
18 tion by which a local educational agency fails to
19 meet the requirement of subsection (a) by falling
20 below 90 percent of both the combined fiscal effort
21 per student and aggregate expenditures (using the
22 measure most favorable to the local agency).

23 (2) SPECIAL RULE.—No such lesser amount
24 shall be used for computing the effort required
25 under subsection (a) for subsequent years.

1 (c) WAIVER.—The Secretary shall waive the require-
2 ments of this section if the Secretary determines that a
3 waiver would be equitable due to—

4 (1) exceptional or uncontrollable circumstances,
5 such as a natural disaster; or

6 (2) a precipitous decline in the financial re-
7 sources of the local educational agency.

8 **SEC. 335. SPECIAL RULE ON CONTRACTING.**

9 Each local educational agency receiving a grant under
10 this subtitle shall ensure that, if the agency carries out
11 modernization, renovation, repair, or construction through
12 a contract, the process for any such contract ensures the
13 maximum number of qualified bidders, including local,
14 small, minority, and women- and veteran-owned busi-
15 nesses, through full and open competition.

16 **SEC. 336. USE OF AMERICAN IRON, STEEL, AND MANUFAC-**
17 **TURED GOODS.**

18 (a) IN GENERAL.—None of the funds appropriated
19 or otherwise made available by this subtitle may be used
20 for a project for the modernization, renovation, repair, or
21 construction of a public school facility unless all of the
22 iron, steel, and manufactured goods used in the project
23 are produced in the United States.

1 (b) EXCEPTIONS.—Subsection (a) shall not apply in
2 any case or category of cases in which the Secretary finds
3 that—

4 (1) applying subsection (a) would be incon-
5 sistent with the public interest;

6 (2) iron, steel, and the relevant manufactured
7 goods are not produced in the United States in suffi-
8 cient and reasonably available quantities and of a
9 satisfactory quality; or

10 (3) inclusion of iron, steel, and manufactured
11 goods produced in the United States will increase
12 the cost of the overall project by more than 25 per-
13 cent.

14 (c) PUBLICATION OF JUSTIFICATION.—If the Sec-
15 retary determines that it is necessary to waive the applica-
16 tion of subsection (a) based on a finding under subsection
17 (b), the Secretary shall publish in the Federal Register
18 a detailed written justification of the determination.

19 (d) CONSTRUCTION.—This section shall be applied in
20 a manner consistent with United States obligations under
21 international agreements.

22 **SEC. 337. LABOR STANDARDS.**

23 The grant programs under this subtitle are applicable
24 programs (as that term is defined in section 400 of the

1 General Education Provisions Act (20 U.S.C. 1221)) sub-
2 ject to section 439 of such Act (20 U.S.C. 1232b).

3 **SEC. 338. CHARTER SCHOOLS.**

4 (a) IN GENERAL.—A local educational agency receiv-
5 ing an allocation under this subtitle shall reserve an
6 amount of that allocation for charter schools within its ju-
7 risdiction for modernization, renovation, repair, and con-
8 struction of charter school facilities.

9 (b) DETERMINATION OF RESERVED AMOUNT.—The
10 amount to be reserved by a local educational agency under
11 subsection (a) shall be determined based on the combined
12 percentage of students counted under section 1113(a)(5)
13 of the Elementary and Secondary Education Act of 1965
14 (20 U.S.C. 6313(a)(5)) in the schools of the agency who—

15 (1) are enrolled in charter schools; and

16 (2) the local educational agency, in consultation
17 with the authorized public chartering agency, ex-
18 pects to be enrolled, during the year with respect to
19 which the reservation is made, in charter schools
20 that are scheduled to commence operation during
21 such year.

22 (c) SCHOOL SHARE.—Individual charter schools shall
23 receive a share of the amount reserved under subsection
24 (a) based on the need of each school for modernization,
25 renovation, repair, or construction, as determined by the

1 local educational agency in consultation with charter
2 school administrators.

3 (d) **EXCESS FUNDS.**—After the consultation de-
4 scribed in subsection (c), if the local educational agency
5 determines that the amount of funds reserved under sub-
6 section (a) exceeds the modernization, renovation, repair,
7 and construction needs of charter schools within the local
8 educational agency’s jurisdiction, the agency may use the
9 excess funds for other public school facility modernization,
10 renovation, repair, or construction consistent with this
11 subtitle and is not required to carry over such funds to
12 the following fiscal year for use for charter schools.

13 **SEC. 339. GREEN SCHOOLS.**

14 (a) **IN GENERAL.**—Of the funds appropriated for a
15 given fiscal year and made available to a local educational
16 agency to carry out this subtitle, the local educational
17 agency shall use not less than the applicable percentage
18 (described in subsection (b)) of such funds for public
19 school modernization, renovation, repair, or construction
20 that are certified, verified, or consistent with any applica-
21 ble provisions of—

- 22 (1) the LEED Green Building Rating System;
- 23 (2) Energy Star;
- 24 (3) the CHPS Criteria;
- 25 (4) Green Globes; or

1 (5) an equivalent program adopted by the
2 State, or another jurisdiction with authority over the
3 local educational agency, that includes a verifiable
4 method to demonstrate compliance with such pro-
5 gram.

6 (b) **APPLICABLE PERCENTAGES.**—The applicable
7 percentage described in subsection (a) is—

8 (1) for funds appropriated in fiscal year 2010,
9 50 percent; and

10 (2) for funds appropriated in fiscal year 2011,
11 75 percent.

12 (c) **RULE OF CONSTRUCTION.**—Nothing in this sec-
13 tion shall be construed to prohibit a local educational
14 agency from using sustainable, domestic hardwood lumber
15 as ascertained through the forest inventory and analysis
16 program of the Forest Service of the Department of Agri-
17 culture under the Forest and Rangeland Renewable Re-
18 sources Research Act of 1978 (16 U.S.C. 1641 et seq.)
19 for public school modernization, renovation, repairs, or
20 construction.

21 (d) **TECHNICAL ASSISTANCE.**—The Secretary, in
22 consultation with the Secretary of Energy and the Admin-
23 istrator of the Environmental Protection Agency, shall
24 provide outreach and technical assistance to States and
25 local educational agencies concerning the best practices in

1 school modernization, renovation, repair, and construc-
2 tion, including those related to student academic achieve-
3 ment, student and staff health, energy efficiency, and envi-
4 ronmental protection.

5 **SEC. 340. REPORTING.**

6 (a) **REPORTS BY LOCAL EDUCATIONAL AGENCIES.—**

7 Local educational agencies receiving a grant under this
8 subtitle shall annually compile a report describing the
9 projects for which such funds were used, including—

10 (1) the number and identity of public schools in
11 the agency, including the number of charter schools,
12 and for each school, the total number of students,
13 and the number of students counted under section
14 1113(a)(5) of the Elementary and Secondary Edu-
15 cation Act of 1965 (20 U.S.C. 6313(a)(5));

16 (2) the total amount of funds received by the
17 local educational agency under this subtitle, and for
18 each public school in the agency, including each
19 charter school, the amount of such funds expended,
20 and the types of modernization, renovation, repair,
21 or construction projects for which such funds were
22 used;

23 (3) the number of students impacted by such
24 projects, including the number of students so im-
25 pacted who are counted under section 1113(a)(5) of

1 the Elementary and Secondary Education Act of
2 1965 (20 U.S.C. 6313(a)(5));

3 (4) the number of public schools in the agency
4 with a metro-centric locale code of 41, 42, or 43 as
5 determined by the National Center for Education
6 Statistics and the percentage of funds received by
7 the agency under chapter 1 or chapter 2 of this sub-
8 title that were used for projects at such schools;

9 (5) the number of public schools in the agency
10 that are eligible for schoolwide programs under sec-
11 tion 1114 of the Elementary and Secondary Edu-
12 cation Act of 1965 (20 U.S.C. 6314) and the per-
13 centage of funds received by the agency under chap-
14 ter 1 or chapter 2 of this subtitle that were used for
15 projects at such schools;

16 (6) for each project—

17 (A) the cost;

18 (B) the standard described in section
19 339(a) with which the use of the funds com-
20 plied or, if the use of funds did not comply with
21 a standard described in section 339(a), the rea-
22 son such funds were not able to be used in com-
23 pliance with such standards and the agency's
24 efforts to use such funds in an environmentally
25 sound manner; and

1 (C) any demonstrable or expected benefits
2 as a result of the project (such as energy sav-
3 ings, improved indoor environmental quality,
4 student and staff health, including the reduc-
5 tion of the incidence and effects of asthma and
6 other respiratory illnesses, and improved cli-
7 mate for teaching and learning); and

8 (7) the total number and amount of contracts
9 awarded, and the number and amount of contracts
10 awarded to local, small, minority, women, and vet-
11 eran-owned businesses.

12 (b) AVAILABILITY OF REPORTS.—A local educational
13 agency shall—

14 (1) submit the report described in subsection
15 (a) to the State educational agency, which shall com-
16 pile such information and report it annually to the
17 Secretary; and

18 (2) make the report described in subsection (a)
19 publicly available, including on the agency's website.

20 (c) REPORTS BY SECRETARY.—Not later than March
21 31 of each fiscal year, the Secretary shall submit to the
22 Committee on Education and Labor of the House of Rep-
23 resentatives and the Committee on Health, Education,
24 Labor and Pensions of the Senate, and make available on
25 the Department of Education's website, a report on grants

1 made under this subtitle, including the information from
2 the reports described in subsection (b)(1).

3 **SEC. 341. SPECIAL RULES.**

4 Notwithstanding any other provision of this subtitle,
5 none of the funds authorized by this subtitle may be—

6 (1) used to employ workers in violation of sec-
7 tion 274A of the Immigration and Nationality Act
8 (8 U.S.C. 1324a); or

9 (2) distributed to a local educational agency
10 that does not have a policy that requires a criminal
11 background check on all employees of the agency.

12 **SEC. 342. PROMOTION OF EMPLOYMENT EXPERIENCES.**

13 The Secretary of Education, in consultation with the
14 Secretary of Labor, shall work with recipients of funds
15 under this subtitle to promote appropriate opportunities
16 to gain employment experience working on modernization,
17 renovation, repair, and construction projects funded under
18 this subtitle for—

19 (1) participants in a YouthBuild program (as
20 defined in section 173A of the Workforce Investment
21 Act of 1998 (29 U.S.C. 2918a));

22 (2) individuals enrolled in the Job Corps pro-
23 gram carried out under subtitle C of title I of the
24 Workforce Investment Act of 1998 (29 U.S.C. 2881
25 et seq.);

1 (3) individuals enrolled in a junior or commu-
2 nity college (as defined in section 312(f) of the
3 Higher Education Act of 1965 (20 U.S.C. 1088(f))
4 certificate or degree program relating to projects de-
5 scribed in section 339(a); and

6 (4) participants in preapprenticeship programs
7 that have direct linkages with apprenticeship pro-
8 grams that are registered with the Department of
9 Labor or a State Apprenticeship Agency under the
10 National Apprenticeship Act of 1937 (29 U.S.C. 50
11 et seq.).

12 **SEC. 343. ADVISORY COUNCIL ON GREEN, HIGH-PER-**
13 **FORMING PUBLIC SCHOOL FACILITIES.**

14 (a) ESTABLISHMENT OF ADVISORY COUNCIL.—The
15 Secretary shall establish an advisory council to be known
16 as the “Advisory Council on Green, High-Performing Pub-
17 lic School Facilities” (in this section referred to as the
18 “Advisory Council”) which shall be composed of—

19 (1) appropriate officials from the Department
20 of Education;

21 (2) representatives of the academic, architec-
22 tural, business, education, engineering, environ-
23 mental, labor, and scientific communities; and

24 (3) such other representatives as the Secretary
25 deems appropriate.

1 (b) DUTIES OF ADVISORY COUNCIL.—

2 (1) ADVISORY DUTIES.—The Advisory Council
3 shall advise the Secretary on the impact of green,
4 high-performing schools, on—

5 (A) teaching and learning;

6 (B) health;

7 (C) energy costs;

8 (D) environmental impact; and

9 (E) other areas that the Secretary and the
10 Advisory Council deem appropriate.

11 (2) OTHER DUTIES.—The Advisory Council
12 shall assist the Secretary in—

13 (A) making recommendations on Federal
14 policies to increase the number of green, high-
15 performing schools;

16 (B) identifying Federal policies that are
17 barriers to helping States and local educational
18 agencies make green, high-performing schools;

19 (C) providing technical assistance and out-
20 reach to States and local educational agencies
21 under section 339(d); and

22 (D) providing the Secretary such other as-
23 sistance as the Secretary deems appropriate.

24 (c) CONSULTATION.—In carrying out its duties under
25 subsection (b), the Advisory Council shall consult with the

1 Chair of the Council on Environmental Quality and the
2 heads of appropriate Federal agencies, including the Sec-
3 retary of Commerce, the Secretary of Energy, the Sec-
4 retary of Health and Human Services, the Secretary of
5 Labor, the Administrator of the Environmental Protection
6 Agency, and the Administrator of the General Services
7 Administration (through the Office of Federal High-Per-
8 formance Green Buildings).

9 **SEC. 344. EDUCATION REGARDING PROJECTS.**

10 A local educational agency receiving funds under this
11 subtitle may encourage schools at which projects are un-
12 dertaken with such funds to educate students about the
13 project, including, as appropriate, the functioning of the
14 project and its environmental, energy, sustainability, and
15 other benefits.

16 **SEC. 345. AVAILABILITY OF FUNDS.**

17 (a) CHAPTER 1.—There are authorized to be appro-
18 priated, and there are appropriated, to carry out chapter
19 1 of this subtitle (in addition to any other amounts appro-
20 priated to carry out such chapter and out of any money
21 in the Treasury not otherwise appropriated),
22 \$2,020,000,000 for each of fiscal years 2010 and 2011.

23 (b) CHAPTER 2.—There are authorized to be appro-
24 priated, and there are appropriated, to carry out chapter
25 2 of this subtitle (in addition to any other amounts appro-

1 priated to carry out such chapter and out of any money
2 in the Treasury not otherwise appropriated), \$30,000,000
3 for each of fiscal years 2010 and 2011.

4 (c) PROHIBITION ON EARMARKS.—None of the funds
5 appropriated under this section may be used for a Con-
6 gressional earmark as defined in clause 9(d) of rule XXI
7 of the Rules of the House of Representatives.

8 **Subtitle B—Higher Education**

9 **SEC. 351. FEDERAL ASSISTANCE FOR COMMUNITY COL-** 10 **LEGE MODERNIZATION AND CONSTRUCTION.**

11 (a) IN GENERAL.—

12 (1) GRANT PROGRAM.—From the amounts
13 made available under subsection (i), the Secretary
14 shall award grants to States for the purposes of con-
15 structing new community college facilities and mod-
16 ernizing, renovating, and repairing existing commu-
17 nity college facilities. Grants awarded under this sec-
18 tion shall be used by a State for one or more of the
19 following:

20 (A) To reduce financing costs of loans for
21 new construction, modernization, renovation, or
22 repair projects at community colleges (such as
23 paying interest or points on such loans).

24 (B) To provide matching funds for a com-
25 munity college capital campaign to attract pri-

1 vate donations of funds for new construction,
2 modernization, renovation, or repair projects at
3 the community college.

4 (C) To capitalize a revolving loan fund to
5 finance new construction, modernization, ren-
6 ovation, and repair projects at community col-
7 leges.

8 (2) ALLOCATION.—

9 (A) DETERMINATION OF AVAILABLE
10 AMOUNT.—The Secretary shall determine the
11 amount available for allocation to each State by
12 determining the amount equal to the total num-
13 ber of students in the State who are enrolled in
14 community colleges and who are pursuing a de-
15 gree or certificate that is not a bachelor's, mas-
16 ter's, professional, or other advanced degree,
17 relative to the total number of such students in
18 all States, combined.

19 (B) ALLOCATION.—The Secretary shall al-
20 locate to each State selected by the Secretary to
21 receive a grant under this section an amount
22 equal to the amount determined to be available
23 for allocation to such State under subparagraph
24 (A), less any portion of that amount that is
25 subject to a limitation under paragraph (3).

1 (C) REALLOCATION.—Amounts not allo-
2 cated under this section to a State because—

3 (i) the State did not submit an appli-
4 cation under subsection (b);

5 (ii) the State submitted an application
6 that the Secretary determined did not meet
7 the requirements of such subsection; or

8 (iii) the State is subject to a limita-
9 tion under paragraph (3) that prevents the
10 State from using a portion of the alloca-
11 tion,

12 shall be proportionately reallocated under this
13 paragraph to the States that are not described
14 in clause (i), (ii), or (iii) of this subparagraph.

15 (3) GRANT AMOUNT LIMITATIONS.—A grant
16 awarded to a State under this section—

17 (A) to reduce financing costs of loans for
18 new construction, modernization, renovation, or
19 repair projects at community colleges under
20 paragraph (1)(A) shall be for an amount that
21 is not more than 25 percent of the total prin-
22 cipal amount of the loans for which financing
23 costs are being reduced; and

24 (B) to provide matching funds for a com-
25 munity college capital campaign under para-

1 graph (1)(B) shall be for an amount that is not
2 more than 25 percent of the total amount of
3 the private donations of funds raised through
4 such campaign over the duration of such cam-
5 paign, as such duration is determined by the
6 State in the application submitted under sub-
7 section (b).

8 (b) APPLICATION.—A State that desires to receive a
9 grant under this section shall submit an application to the
10 Secretary at such time, in such manner, and containing
11 such information and assurances as the Secretary may re-
12 quire. Such application shall include a certification by the
13 State that the funds provided under this section for the
14 construction of new community college facilities and the
15 modernization, renovation, and repair of existing commu-
16 nity college facilities will improve instruction at such col-
17 leges and will improve the ability of such colleges to edu-
18 cate and train students to meet the workforce needs of
19 employers in the State.

20 (c) USE OF FUNDS BY COMMUNITY COLLEGES.—

21 (1) PERMISSIBLE USES OF FUNDS.—Funds
22 made available to community colleges through a loan
23 described in subsection (a)(1)(A), a capital campaign
24 described in subsection (a)(1)(B), or a loan from a
25 revolving loan fund described in subsection (a)(1)(C)

1 shall be used only for the construction, moderniza-
2 tion, renovation, or repair of community college fa-
3 cilities that are primarily used for instruction, re-
4 search, or student housing, which may include any
5 of the following:

6 (A) Repair, replacement, or installation of
7 roofs, including extensive, intensive, or semi-in-
8 tensive green roofs, electrical wiring, water sup-
9 ply and plumbing systems, sewage systems,
10 storm water runoff systems, lighting systems,
11 building envelope, windows, ceilings, flooring, or
12 doors, including security doors.

13 (B) Repair, replacement, or installation of
14 heating, ventilation, or air conditioning systems,
15 including insulation, and conducting indoor air
16 quality assessments.

17 (C) Compliance with fire, health, seismic,
18 and safety codes, including professional installa-
19 tion of fire and life safety alarms, and mod-
20 ernizations, renovations, and repairs that en-
21 sure that the community college's facilities are
22 prepared for emergencies, such as improving
23 building infrastructure to accommodate security
24 measures and installing or upgrading tech-
25 nology to ensure that the community college is

1 able to respond to emergencies such as acts of
2 terrorism, campus violence, and natural disas-
3 ters.

4 (D) Retrofitting necessary to increase the
5 energy efficiency of the community college's fa-
6 cilities.

7 (E) Modifications necessary to make facili-
8 ties accessible in compliance with the Americans
9 with Disabilities Act of 1990 (42 U.S.C. 12101
10 et seq.) and section 504 of the Rehabilitation
11 Act of 1973 (29 U.S.C. 794).

12 (F) Abatement, removal, or interim con-
13 trols of asbestos, polychlorinated biphenyls,
14 mold, mildew, or lead-based hazards, including
15 lead-based paint hazards from the community
16 college's facilities.

17 (G) Modernization, renovation, or repair
18 necessary to reduce the consumption of coal,
19 electricity, land, natural gas, oil, or water.

20 (H) Modernization, renovation, and repair
21 relating to improving science and engineering
22 laboratories, libraries, or instructional facilities.

23 (I) Installation or upgrading of educational
24 technology infrastructure.

1 (J) Installation or upgrading of renewable
2 energy generation and heating systems, includ-
3 ing solar, photovoltaic, wind, biomass (including
4 wood pellet and woody biomass), waste-to-en-
5 ergy, solar-thermal and geothermal systems,
6 and energy audits.

7 (K) Other modernization, renovation, or
8 repair projects that are primarily for instruc-
9 tion, research, or student housing.

10 (L) Required environmental remediation
11 related to modernization, renovation, or repair
12 described in subparagraphs (A) through (K).

13 (2) GREEN SCHOOL REQUIREMENT.—A commu-
14 nity college receiving assistance through a loan de-
15 scribed in subsection (a)(1)(A), a capital campaign
16 described in subsection (a)(1)(B), or a loan from a
17 revolving loan fund described in subsection (a)(1)(C)
18 shall use not less than 50 percent of such assistance
19 to carry out projects for construction, moderniza-
20 tion, renovation, or repair that are certified, verified,
21 or consistent with the applicable provisions of—

22 (A) the LEED Green Building Rating Sys-
23 tem;

24 (B) Energy Star;

25 (C) the CHPS Criteria, as applicable;

1 (D) Green Globes; or

2 (E) an equivalent program adopted by the
3 State or the State higher education agency that
4 includes a verifiable method to demonstrate
5 compliance with such program.

6 (3) PROHIBITED USES OF FUNDS.—

7 (A) IN GENERAL.—No funds awarded
8 under this section may be used for—

9 (i) payment of maintenance costs;

10 (ii) construction, modernization, ren-
11 ovation, or repair of stadiums or other fa-
12 cilities primarily used for athletic contests
13 or exhibitions or other events for which ad-
14 mission is charged to the general public; or

15 (iii) construction, modernization, ren-
16 ovation, or repair of facilities—

17 (I) used for sectarian instruction,
18 religious worship, or a school or de-
19 partment of divinity; or

20 (II) in which a substantial por-
21 tion of the functions of the facilities
22 are subsumed in a religious mission.

23 (B) FOUR-YEAR INSTITUTIONS.—No funds
24 awarded to a four-year public institution of
25 higher education under this section may be

1 used for any facility, service, or program of the
2 institution that is not available to students who
3 are pursuing a degree or certificate that is not
4 a bachelor's, master's, professional, or other ad-
5 vanced degree.

6 (d) APPLICATION OF GEPA.—The grant program
7 authorized in this section is an applicable program (as
8 that term is defined in section 400 of the General Edu-
9 cation Provisions Act (20 U.S.C. 1221)) subject to section
10 439 of such Act (20 U.S.C. 1232b). The Secretary shall,
11 notwithstanding section 437 of such Act (20 U.S.C. 1232)
12 and section 553 of title 5, United States Code, establish
13 such program rules as may be necessary to implement
14 such grant program by notice in the Federal Register.

15 (e) CONCURRENT FUNDING.—Funds made available
16 under this section shall not be used to assist any commu-
17 nity college that receives funding for the construction,
18 modernization, renovation, and repair of facilities under
19 any other program under this Act, the Higher Education
20 Act of 1965, or the American Recovery and Reinvestment
21 Act of 2009.

22 (f) REPORTS BY THE STATES.—Each State that re-
23 ceives a grant under this section shall, not later than Sep-
24 tember 30, 2012, and annually thereafter for each fiscal

1 year in which the State expends funds received under this
2 section, submit to the Secretary a report that includes—

3 (1) a description the projects for which the
4 grant funding was, or will be, used;

5 (2) a list of the community colleges that have
6 received, or will receive, assistance from the grant
7 through a loan described in subsection (a)(1)(A), a
8 capital campaign described in subsection (a)(1)(B),
9 or a loan from a revolving loan fund described in
10 subsection (a)(1)(C); and

11 (3) a description of the amount and nature of
12 the assistance provided to each such college.

13 (g) REPORT BY THE SECRETARY.—The Secretary
14 shall submit to the authorizing committees (as defined in
15 section 103 of the Higher Education Act of 1965) an an-
16 nual report on the grants made under this section, includ-
17 ing the information described in subsection (f).

18 (h) DEFINITIONS.—

19 (1) COMMUNITY COLLEGE.—As used in this
20 section, the term “community college” means—

21 (A) a junior or community college, as such
22 term is defined in section 312(f) of the Higher
23 Education Act of 1965 (20 U.S.C. 1085(f)); or

24 (B) a four-year public institution of higher
25 education (as defined in section 101 of the

1 Higher Education Act of 1965) that awards a
2 significant number of degrees and certificates
3 that are not—

4 (i) bachelor's degrees (or an equiva-
5 lent); or

6 (ii) master's, professional, or other
7 advanced degrees.

8 (2) CHPS CRITERIA.—The term “CHPS Cri-
9 teria” means the green building rating program de-
10 veloped by the Collaborative for High Performance
11 Schools.

12 (3) ENERGY STAR.—The term “Energy Star”
13 means the Energy Star program of the United
14 States Department of Energy and the United States
15 Environmental Protection Agency.

16 (4) GREEN GLOBES.—The term “Green
17 Globes” means the Green Building Initiative envi-
18 ronmental design and rating system referred to as
19 Green Globes.

20 (5) LEED GREEN BUILDING RATING SYSTEM.—
21 The term “LEED Green Building Rating System”
22 means the United States Green Building Council
23 Leadership in Energy and Environmental Design
24 green building rating standard referred to as the
25 LEED Green Building Rating System.

1 (6) SECRETARY.—The term “Secretary” means
2 the Secretary of Education.

3 (i) AVAILABILITY OF FUNDS.—There are authorized
4 to be appropriated, and there are appropriated, to carry
5 out this section (in addition to any other amounts appro-
6 priated to carry out this section and out of any money
7 in the Treasury not otherwise appropriated),
8 \$2,500,000,000 for fiscal year 2011, which shall remain
9 available until expended.

10 **TITLE IV—EARLY LEARNING** 11 **CHALLENGE FUND**

12 **SEC. 401. PURPOSE.**

13 The purpose of this title is to provide grants on a
14 competitive basis to States for the following:

15 (1) To promote standards reform of State early
16 learning programs serving children from birth
17 through age 5 in order to support the healthy devel-
18 opment and improve the school readiness outcomes
19 of young children.

20 (2) To establish a high standard of quality in
21 early learning programs that integrates appropriate
22 early learning and development standards across
23 early learning settings.

24 (3) To fund and implement quality initiatives
25 that improve the skills and effectiveness of early

1 learning providers, and improve the quality of exist-
2 ing early learning programs, in order to increase the
3 number of disadvantaged children who participate in
4 comprehensive and high-quality early learning pro-
5 grams.

6 (4) To ensure that a greater number of dis-
7 advantaged children enter kindergarten with the cog-
8 nitive, social, emotional, and physical skills and abili-
9 ties needed to be successful in school.

10 (5) To increase parents' abilities to access com-
11 prehensive and high quality early learning programs
12 across settings for their children.

13 **SEC. 402. PROGRAMS AUTHORIZED.**

14 (a) **QUALITY PATHWAYS GRANTS.**—The Secretary
15 shall use funds made available to carry out this title for
16 a fiscal year to award grants on a competitive basis to
17 States in accordance with section 403.

18 (b) **DEVELOPMENT GRANTS.**—The Secretary shall
19 use funds made available to carry out this title for a fiscal
20 year to award grants in accordance with section 404 on
21 a competitive basis to States that demonstrate a commit-
22 ment to establishing a system of early learning that will
23 include the components described in section 403(e)(3) but
24 are not—

1 (1) eligible to be awarded a grant under sub-
2 section (a); or

3 (2) are not awarded such a grant after applica-
4 tion.

5 (c) RESERVATIONS OF FEDERAL FUNDS.—

6 (1) RESEARCH, EVALUATION, AND ADMINISTRA-
7 TION.—From the amount made available to carry
8 out this title for a fiscal year, the Secretary—

9 (A) shall reserve up to 2 percent jointly to
10 administer this title with the Secretary of
11 Health and Human Services; and

12 (B) shall reserve up to 3 percent to carry
13 out activities under section 405.

14 (2) TRIBAL SCHOOL READINESS PLANNING
15 DEMONSTRATION.—After making the reservations
16 under paragraph (1), the Secretary shall reserve
17 0.25 percent for a competitive grant program for In-
18 dian tribes to develop and implement school readi-
19 ness plans that—

20 (A) are coordinated with local educational
21 agencies serving children who are members of
22 the tribe; and

23 (B) include American Indian and Alaska
24 Native Head Start and Early Head Start pro-
25 grams, tribal child care programs, Indian

1 Health Service programs, and other tribal pro-
2 grams serving children.

3 (3) QUALITY PATHWAYS GRANTS.—

4 (A) IN GENERAL.—From the amount made
5 available to carry out this title for a fiscal year
6 and not reserved under paragraph (1) or (2),
7 the Secretary shall reserve a percent (which
8 shall be not greater than 65 percent for fiscal
9 years 2010 through 2012 and not greater than
10 85 percent for fiscal year 2013 and each suc-
11 ceeding fiscal year) determined under subpara-
12 graph (B) to carry out subsection (a).

13 (B) DETERMINATION OF AMOUNT.—In de-
14 termining the amount to reserve under subpara-
15 graph (A), the Secretary, consistent with sec-
16 tion 403(e), shall take into account the fol-
17 lowing:

18 (i) The total number of States deter-
19 mined by the Secretary to qualify for re-
20 ceipt of a grant under this title for the
21 year.

22 (ii) The number of children under age
23 5 from low-income families in each State
24 with an approved application under section
25 403 for the year.

1 (C) REALLOCATION.—For fiscal year 2013
2 and subsequent fiscal years, the Secretary may
3 reallocate funds allocated for development
4 grants under subsection (b) for the purpose of
5 providing additional grants under subsection
6 (a), if the Secretary determines that there is an
7 insufficient number of applications that meet
8 the requirements for a grant under subsection
9 (b).

10 (d) STATE APPLICATIONS.—In applying for a grant
11 under this title, a State—

12 (1) shall designate a State-level entity for ad-
13 ministration of the grant;

14 (2) shall coordinate proposed activities with the
15 State Advisory Council on Early Childhood Edu-
16 cation and Care (established pursuant to section
17 642B(b)(1)(A) of the Head Start Act (42 U.S.C.
18 9837b(b)(1)(A))) and shall incorporate plans and
19 recommendations from such Council in the applica-
20 tion, where applicable; and

21 (3) otherwise shall submit the application to the
22 Secretary at such time, in such manner, and con-
23 taining such information as the Secretary may rea-
24 sonably require.

1 (e) PRIORITY IN AWARDING GRANTS.—In awarding
2 grants under this title, the Secretary shall give priority
3 to States—

4 (1) whose applications contain assurances that
5 the State will use, in part, funds reserved under sec-
6 tion 658G of the Child Care and Development Block
7 Grant Act of 1990 (42 U.S.C. 9858e) for activities
8 described in section 403(f);

9 (2) that will commit to dedicating a significant
10 increase, in comparison to recent fiscal years, in
11 State expenditures on early learning programs and
12 services; and

13 (3) that demonstrate efforts to build public-pri-
14 vate partnerships designed to accomplish the pur-
15 poses of this title.

16 (f) MAINTENANCE OF EFFORT.—

17 (1) IN GENERAL.—With respect to each period
18 for which a State is awarded a grant under this
19 title, the aggregate expenditures by the State and its
20 political subdivisions on early learning programs and
21 services shall be not less than the level of the ex-
22 penditures for such programs and services by the
23 State and its political subdivisions for fiscal year
24 2006.

1 (2) STATE EXPENDITURES.—For purposes of
2 paragraph (1), expenditures by the State on early
3 learning programs and services shall include, at a
4 minimum, the following:

5 (A) State matching and maintenance of ef-
6 fort funds for the Child Care and Development
7 Block Grant Act of 1990 (42 U.S.C. 9858 et
8 seq.).

9 (B) State matching funds for the State
10 Advisory Council on Early Childhood Education
11 and Care (established pursuant to section
12 642B(b)(1)(A) of the Head Start Act (42
13 U.S.C. 9837b(b)(1)(A))).

14 (C) State expenditures on public pre-kin-
15 dergarten, Head Start (including Early Head
16 Start), and other State early learning programs
17 and services dedicated to children (including
18 State expenditures under part C of the Individ-
19 uals with Disabilities Education Act (20 U.S.C.
20 1431 et seq.)).

21 (g) PROHIBITIONS ON USE OF FUNDS.—Funds
22 under this title may not be used for any of the following:

23 (1) Assessments that provide rewards or sanc-
24 tions for individual children or teachers.

1 (2) A single assessment used as the primary or
2 sole method for assessing program effectiveness.

3 (3) Evaluating children other than for—

4 (A) improving instruction or classroom en-
5 vironment;

6 (B) targeting professional development;

7 (C) determining the need for health, men-
8 tal health, disability, or family support services;

9 (D) informing the quality improvement
10 process at the State level;

11 (E) program evaluation for the purposes of
12 program improvement and parent information;

13 or

14 (F) research conducted as part of the na-
15 tional evaluation required by section 405(2).

16 (h) FEDERAL ADMINISTRATION.—

17 (1) IN GENERAL.—With respect to this title,
18 the Secretary shall bear responsibility for obligating
19 and disbursing funds and ensuring compliance with
20 applicable laws and administrative requirements,
21 subject to paragraph (2).

22 (2) INTERAGENCY AGREEMENT.—The Secretary
23 of Education and the Secretary of Health and
24 Human Services shall jointly administer this title on

1 such terms as such secretaries shall set forth in an
2 interagency agreement.

3 **SEC. 403. QUALITY PATHWAYS GRANTS.**

4 (a) GRANT PERIOD.—Grants under section 402(a)—

5 (1) may be awarded for a period not to exceed
6 5 years; and

7 (2) may be renewed, subject to approval by the
8 Secretary, and based on the State's progress in—

9 (A) increasing the percentage of disadvan-
10 tagged children in each age group (infants, tod-
11 dlers, and preschoolers) who participate in high-
12 quality early learning programs;

13 (B) increasing the number of high-quality
14 early learning programs in low-income commu-
15 nities;

16 (C) implementing an early learning system
17 that includes the components described in sub-
18 section (c)(3); and

19 (D) incorporating the findings and rec-
20 ommendations reported by the commission es-
21 tablished under section 405(1) into the State
22 system of early learning.

23 (b) MATCHING REQUIREMENT.—

24 (1) IN GENERAL.—Subject to subsection (g), to
25 be eligible to receive a grant under section 402(a),

1 a State shall contribute to the activities assisted
2 under the grant non-Federal matching funds in an
3 amount equal to not less than the applicable percent
4 of the amount of the grant.

5 (2) APPLICABLE PERCENT.—For purposes of
6 paragraph (1), the applicable percent means—

7 (A) 10 percent in the first fiscal year of
8 the grant;

9 (B) 10 percent in the second fiscal year of
10 the grant;

11 (C) 15 percent in the third fiscal year of
12 the grant; and

13 (D) 20 percent in the fourth fiscal year of
14 the grant and subsequent fiscal years.

15 (3) NON-FEDERAL FUNDS.—A State may use
16 the following to satisfy the requirement of paragraph
17 (1):

18 (A) Cash.

19 (B) In-kind contributions for the acquisi-
20 tion, construction, or improvement of early
21 learning program facilities serving disadvan-
22 taged children.

23 (C) Technical assistance related to sub-
24 paragraph (B).

1 (4) PRIVATE CONTRIBUTIONS.—Private con-
2 tributions made as part of public-private partner-
3 ships to increase the number of low-income children
4 in high-quality early learning programs in a State
5 may be used by the State to satisfy the requirement
6 of paragraph (1).

7 (5) FINANCIAL HARDSHIP WAIVER.—The Sec-
8 retary may waive or reduce the non-Federal share of
9 a State that has submitted an application for a
10 grant under section 402(a) if the State demonstrates
11 a need for such waiver or reduction due to extreme
12 financial hardship, as defined by the Secretary by
13 regulation.

14 (c) STATE APPLICATIONS.—In order to be considered
15 for a grant under section 402(a), a State's application
16 under section 402(d) shall include the following:

17 (1) A description of how the State will use the
18 grant to implement quality initiatives to improve
19 early learning programs serving disadvantaged chil-
20 dren from birth to age 5 to lead to a greater per-
21 centage of such children participating in higher
22 quality early learning programs.

23 (2) A description of the goals and benchmarks
24 the State will establish to lead to a greater percent-
25 age of disadvantaged children participating in higher

1 quality early learning programs to improve school
2 readiness outcomes, including an established baseline
3 of the number of disadvantaged children in high-
4 quality early learning programs.

5 (3) A description of how the State will imple-
6 ment a governance structure and a system of early
7 learning programs and services that includes the fol-
8 lowing components:

9 (A) Not later than 12 months after receiv-
10 ing notice of an award of the grant, complete
11 State early learning and development standards
12 that include social and emotional, cognitive, and
13 physical development domains, and approaches
14 to learning that are developmentally appro-
15 priate (including culturally and linguistically
16 appropriate) for all children.

17 (B) A process to ensure that State early
18 learning and development standards are inte-
19 grated into the instructional and programmatic
20 practices of early learning programs and serv-
21 ices, including services provided to children
22 under section 619 and part C of the Individuals
23 with Disabilities Education Act (20 U.S.C.
24 1419, 1431 et seq.).

1 (C) A program rating system that builds
2 on licensing requirements, as appropriate, and
3 other State regulatory standards and that—

4 (i) is designed to improve quality and
5 effectiveness across different types of early
6 learning settings;

7 (ii) integrates evidence-based program
8 quality standards that reflect standard lev-
9 els of quality and has progressively higher
10 levels of program quality;

11 (iii) integrates the State's early learn-
12 ing and development standards for the
13 purpose of improving instructional and
14 programmatic practices;

15 (iv) addresses staff qualifications and
16 professional development;

17 (v) provides financial incentives and
18 other supports to help programs meet and
19 sustain higher levels of quality;

20 (vi) includes mechanisms for evalu-
21 ating how programs are meeting those
22 standards and progressively higher levels
23 of quality; and

24 (vii) includes a mechanism for public
25 awareness and understanding of the pro-

1 gram rating system, including rating levels
2 of individual programs.

3 (D) A system of program review and moni-
4 toring that is designed to rate providers using
5 the system described in subparagraph (C) and
6 to assess and improve programmatic practices,
7 instructional practices, and classroom environ-
8 ment.

9 (E) A process to support early learning
10 programs integrating instructional and pro-
11 grammatic practices that—

12 (i) include developmentally appro-
13 priate (including culturally and linguis-
14 tically appropriate), ongoing, classroom-
15 based instructional assessments for each
16 domain of child development and learning
17 (including social and emotional, cognitive,
18 and physical development domains and ap-
19 proaches to learning) to guide and improve
20 instructional practice, professional develop-
21 ment of staff, and services; and

22 (ii) are aligned with the curricula used
23 in the early learning program and with the
24 State early learning and development
25 standards or the Head Start Child Out-

1 comes Framework (as described in the
2 Head Start Act), as applicable.

3 (F) Minimum preservice early childhood
4 development and education training require-
5 ments for providers in early learning programs.

6 (G) A comprehensive plan for supporting
7 the professional preparation and the ongoing
8 professional development of an effective, well-
9 compensated early learning workforce, which
10 plan includes training and education that is
11 sustained, intensive, and classroom-focused and
12 leads toward a credential or degree and is tied
13 to improved compensation.

14 (H) An outreach strategy to promote un-
15 derstanding by parents and families of—

16 (i) how to support their child's early
17 development and learning;

18 (ii) the State's program rating sys-
19 tem, as described in subparagraph (C);
20 and

21 (iii) the rating of the program in
22 which their child is enrolled.

23 (I) A coordinated system to facilitate
24 screening, referral, and provision of services re-
25 lated to health, mental health, disability, and

1 family support for children participating in
2 early learning programs.

3 (J) A process for evaluating school readi-
4 ness in children that reflects all of the major
5 domains of development, and that is used to
6 guide practice and improve early learning pro-
7 grams.

8 (K) A coordinated data infrastructure that
9 facilitates—

10 (i) uniform data collection about the
11 quality of early learning programs, essen-
12 tial information about the children and
13 families that participate in such programs,
14 and the qualifications and compensation of
15 the early learning workforce in such pro-
16 grams; and

17 (ii) alignment and interoperability be-
18 tween the data system for early learning
19 programs for children and data systems for
20 elementary and secondary education.

21 (4) A description of how the funds provided
22 under the grant will be targeted to prioritize increas-
23 ing the number and percentage of low-income chil-
24 dren in high-quality early learning programs, includ-
25 ing children—

1 (A) in each age group (infants, toddlers,
2 and preschoolers);

3 (B) with developmental delays and disabil-
4 ities;

5 (C) with limited English proficiency; and

6 (D) living in rural areas.

7 (5) An assurance that the grant will be used to
8 improve the quality of early learning programs
9 across a range of types of settings and providers of
10 such programs.

11 (6) A description of the steps the State will
12 take to make progress toward including all center-
13 based child care programs, family child care pro-
14 grams, State-funded prekindergarten, Head Start
15 programs, and other early learning programs, such
16 as those funded under title I of the Elementary and
17 Secondary Education Act of 1965 (20 U.S.C. 6301
18 et seq.) or receiving funds under section 619 or part
19 C of the Individuals with Disabilities Education Act
20 (20 U.S.C. 1419, 1431 et seq.) in the State program
21 rating system described in paragraph (3)(C).

22 (7) An assurance that the State, not later than
23 18 months after receiving notice of an award of the
24 grant, will conduct an analysis of the alignment of

1 the State's early learning and development stand-
2 ards with—

3 (A) appropriate academic content stand-
4 ards for grades kindergarten through 3; and

5 (B) elements of program quality standards
6 for early learning programs.

7 (8) An assurance that the grant will be used
8 only to supplement, and not to supplant, Federal,
9 State, and local funds otherwise available to support
10 existing early learning programs and services.

11 (9) A description of any disparity by age group
12 (infants, toddlers, and preschoolers) of available
13 high-quality early learning programs in low-income
14 communities and the steps the State will take to de-
15 crease such disparity, if applicable.

16 (10) A description of how the State early learn-
17 ing and development standards will address the
18 needs of children with limited English proficiency,
19 including by incorporating benchmarks related to
20 English language development.

21 (11) A description of how the State's profes-
22 sional development plan will prepare the early learn-
23 ing workforce to support the early learning needs of
24 children with limited English proficiency.

1 (12) A description of how the State will coordi-
2 nate the purposes of this title with the activities
3 funded under—

4 (A) section 658G of the Child Care and
5 Development Block Grant Act of 1990 (42
6 U.S.C. 9858e);

7 (B) section 619 and part C of the Individ-
8 uals with Disabilities Education Act (20 U.S.C.
9 1419, 1431 et seq.);

10 (C) title I of the Elementary and Sec-
11 ondary Education Act of 1965 (20 U.S.C. 6301
12 et seq.);

13 (D) State-funded pre-kindergarten pro-
14 grams (where applicable);

15 (E) Head Start programs; and

16 (F) other early childhood programs and
17 services.

18 (13) A description of how the State's early
19 learning policies, including child care policies, facili-
20 tate access to high-quality early learning programs
21 for children from low-income families.

22 (14) An assurance that the State will continue
23 to participate in part C of the Individuals with Dis-
24 abilities Education Act (20 U.S.C. 1431 et seq.) for
25 the duration of the grant.

1 (d) CRITERIA USED IN AWARDING GRANTS.—In
2 awarding grants under section 402(a), the Secretary shall
3 evaluate the applications, and award grants under such
4 section on a competitive basis, based on—

5 (1) the quality of the application submitted pur-
6 suant to section 402(d);

7 (2) the priority factors described in section
8 402(e);

9 (3) evidence of significant progress in estab-
10 lishing a system of early learning for children that
11 includes the components described in subsection
12 (e)(3); and

13 (4) the State's capacity to fully complete imple-
14 mentation of such a system.

15 (e) CRITERION USED IN DETERMINING AMOUNT OF
16 AWARD.—In determining the amount to award a State
17 under section 402(a), the Secretary shall take into ac-
18 count—

19 (1) the proportion of children under age 5 from
20 low-income families in the State relative to such pro-
21 portion in other States; and

22 (2) the State plan and capacity to implement
23 the criteria described in paragraphs (3) and (4) of
24 subsection (d).

25 (f) STATE USES OF FUNDS.—

1 (1) IN GENERAL.—A State receiving a grant
2 under section 402(a) shall use the grant as follows:

3 (A) Not less than 65 percent of the grant
4 amount shall be used for two or more of the fol-
5 lowing activities to improve the quality of early
6 learning programs serving disadvantaged chil-
7 dren:

8 (i) Initiatives that improve the creden-
9 tials of early learning providers and are
10 tied to increased compensation.

11 (ii) Initiatives that help early learning
12 programs meet and sustain higher pro-
13 gram quality standards, such as—

14 (I) improving the ratio of early
15 learning provider to children in early
16 learning settings;

17 (II) reducing group size;

18 (III) improving the qualifications
19 of early learning providers; and

20 (IV) supporting effective edu-
21 cation and training for early learning
22 providers.

23 (iii) Implementing classroom observa-
24 tion assessments and data-driven decisions
25 tied to activities that improve instructional

1 practices, programmatic practices, or class-
2 room environment and promote school
3 readiness.

4 (iv) Providing financial incentives to
5 early learning programs—

6 (I) for undertaking quality im-
7 provements that promote healthy de-
8 velopment and school readiness; and

9 (II) maintaining quality improve-
10 ments that promote healthy develop-
11 ment and school readiness.

12 (v) Integrating State early learning
13 and development standards into instruc-
14 tional and programmatic practices in early
15 learning programs.

16 (vi) Providing high-quality, sustained,
17 intensive, and classroom-focused profes-
18 sional development that improves the
19 knowledge and skills of early learning pro-
20 viders, including professional development
21 related to meeting the needs of diverse
22 populations.

23 (vii) Building the capacity of early
24 learning programs and communities to pro-
25 mote the understanding of parents and

1 families of the State's early learning sys-
2 tem and the rating of the program in
3 which their child is enrolled and to encour-
4 age the active involvement and engagement
5 of parents and families in the learning and
6 development of their children.

7 (viii) Building the capacity of early
8 learning programs and communities to fa-
9 cilitate screening, referral, and provision of
10 services related to health, mental health,
11 disability, and family support for children
12 participating in early learning programs.

13 (ix) Other innovative activities, pro-
14 posed by the State and approved in ad-
15 vance by the Secretary that are—

16 (I) based on successful practices;

17 (II) designed to improve the
18 quality of early learning programs and
19 services; and

20 (III) advance the system compo-
21 nents described in subsection (c)(3).

22 (B) The remainder of the grant amount
23 may be used for one or more of the following:

24 (i) Implementation or enhancement of
25 the State's data system described in sub-

1 section (c)(3)(K), including interoperability
2 across agencies serving children, and
3 unique child and program identifiers.

4 (ii) Enhancement of the State's over-
5 sight system for early learning programs,
6 including the implementation of a program
7 rating system.

8 (iii) The development and implemen-
9 tation of measures of school readiness of
10 children that reflect all of the major do-
11 mains of child development and that in-
12 form the quality improvement process.

13 (2) PRIORITY.—A State receiving a grant under
14 section 402(a) shall use the grant so as to prioritize
15 improving the quality of early learning programs
16 serving children from low-income families.

17 (g) SPECIAL RULE.—

18 (1) IN GENERAL.—Beginning with the second
19 fiscal year of a grant under section 402(a), a State
20 with respect to which the Secretary certifies that the
21 State has made sufficient progress in implementing
22 the requirements of the grant may apply to the Sec-
23 retary to reserve up to 25 percent of the amount of
24 the grant to expand access for children from low-in-
25 come families to the highest quality early learning

1 programs that offer full-day services, except that the
2 State must agree to contribute for such purpose
3 non-Federal matching funds in an amount equal to
4 not less than 20 percent of the amount reserved
5 under this subsection. One-half of such non-Federal
6 matching funds may be provided by a private entity.

7 (2) NON-FEDERAL FUNDS.—A State may use
8 the following to satisfy the matching requirement of
9 paragraph (1):

10 (A) Cash.

11 (B) In-kind contributions for the acquisi-
12 tion, construction, or improvement of early
13 learning program facilities serving disadvan-
14 taged children.

15 (C) Technical assistance related to sub-
16 paragraph (B).

17 (3) FINANCIAL HARDSHIP WAIVER.—The Sec-
18 retary may waive or reduce the non-Federal share of
19 a State under paragraph (1) if the State dem-
20 onstrates a need for such waiver or reduction due to
21 extreme financial hardship, as defined by the Sec-
22 retary by regulation.

23 (h) IMPROVEMENT PLAN.—If the Secretary deter-
24 mines that a State receiving a grant under section 402(a)
25 is encountering barriers to reaching goals described in

1 subsection (c)(2), the State shall develop a plan for im-
2 provement in consultation with, and subject to approval
3 by, the Secretary.

4 **SEC. 404. DEVELOPMENT GRANTS.**

5 (a) GRANT PERIOD.—Grants under section 402(b)
6 may be awarded for a period not to exceed 3 years, and
7 may not be renewed.

8 (b) STATE USES OF FUNDS.—

9 (1) IN GENERAL.—A State receiving a grant
10 under section 402(b) shall use the grant to under-
11 take activities to develop the early learning system
12 components described in section 403(c)(3) and that
13 will allow a State to become eligible and competitive
14 for a grant described in section 402(a).

15 (2) PRIORITY.—A State receiving a grant under
16 section 402(b) shall use the grant so as to prioritize
17 improving the quality of early learning programs
18 serving low-income children.

19 (c) MATCHING REQUIREMENT.—

20 (1) IN GENERAL.—To be eligible to receive a
21 grant under section 402(b), a State shall contribute
22 to the activities assisted under the grant non-Fed-
23 eral matching funds in an amount equal to not less
24 than the applicable percent of the amount of the
25 grant.

1 (2) APPLICABLE PERCENT.—For purposes of
2 paragraph (1), the applicable percent means—

3 (A) 20 percent in the first fiscal year of
4 the grant;

5 (B) 25 percent in the second fiscal year of
6 the grant; and

7 (C) 30 percent in the third fiscal year of
8 the grant.

9 (3) NON-FEDERAL FUNDS.—A State may use
10 the following to satisfy the requirement of paragraph
11 (1):

12 (A) Cash.

13 (B) In-kind contributions for the acquisi-
14 tion, construction, or improvement of early
15 learning program facilities serving disadvan-
16 taged children.

17 (C) Technical assistance related to sub-
18 paragraph (B).

19 (4) PRIVATE CONTRIBUTIONS.—Private con-
20 tributions made as part of public-private partner-
21 ships to increase the number of low-income children
22 in high-quality early learning programs in a State
23 may be used by the State to satisfy the requirement
24 of paragraph (1).

1 (5) FINANCIAL HARDSHIP WAIVER.—The Sec-
2 retary may waive or reduce the non-Federal share of
3 a State that has submitted an application for a
4 grant under section 402(b) if the State demonstrates
5 a need for such waiver or reduction due to extreme
6 financial hardship, as defined by the Secretary by
7 regulation.

8 **SEC. 405. RESEARCH AND EVALUATION.**

9 From funds reserved under section 402(c)(1), the
10 Secretary of Education and the Secretary of Health and
11 Human Services, acting jointly, shall carry out the fol-
12 lowing activities:

13 (1) Establishing a national commission whose
14 duties shall include—

15 (A) reviewing the status of State and Fed-
16 eral early learning program quality standards
17 and early learning and development standards;

18 (B) recommending benchmarks for pro-
19 gram quality standards and early learning and
20 development standards, including taking into
21 consideration the school readiness needs of chil-
22 dren with limited English proficiency; and

23 (C) reporting to the Secretaries of Edu-
24 cation and Health and Human Services not
25 later than 2 years after the date of the enact-

1 ment of this Act on the commission's findings
2 and recommendations.

3 (2) Conducting a national evaluation of the
4 grants made under this title through the Institute of
5 Education Science in collaboration with the appro-
6 priate research divisions within the Department of
7 Health and Human Services.

8 (3) Supporting a research collaborative among
9 the Institute of Education Sciences, the National In-
10 stitute of Child Health and Human Development,
11 the Office of Planning, Research, and Evaluation
12 within the Administration for Children and Families
13 in the Department of Health and Human Services,
14 and, as appropriate, other Federal entities to sup-
15 port research on early learning that can inform im-
16 proved State and other standards and licensing re-
17 quirements and improved child outcomes, which col-
18 laborative shall—

19 (A) biennially prepare and publish for pub-
20 lic comment a detailed research plan;

21 (B) support early learning research activi-
22 ties that could include determining—

23 (i) the characteristics of early learning
24 programs that produce positive develop-
25 mental outcomes for children;

1 (ii) the effects of program quality
2 standards on child outcomes;

3 (iii) the relationships between specific
4 interventions and types of child and family
5 outcomes;

6 (iv) the effectiveness of early learning
7 provider training in raising program qual-
8 ity and improving child outcomes;

9 (v) the effectiveness of professional
10 development strategies in raising program
11 quality and improving child outcomes; and

12 (vi) how to improve the school readi-
13 ness outcomes of children with limited
14 English proficiency, special needs, and
15 homeless children, including evaluation of
16 professional development programs for
17 working with such children; and

18 (C) disseminate relevant research findings
19 and best practices.

20 **SEC. 406. REPORTING REQUIREMENTS.**

21 (a) **REPORTS TO CONGRESS.**—For each year in which
22 funding is provided under this title, the Secretary shall
23 submit an annual report to the Committee on Education
24 and Labor of the House of Representatives and the Com-
25 mittee on Health, Education, Labor and Pensions of the

1 Senate on the activities carried out under this title, includ-
2 ing, at a minimum, information on the following:

3 (1) The activities undertaken by States to in-
4 crease the availability of high-quality early learning
5 programs.

6 (2) The number of children in high-quality
7 early learning programs, and the change from the
8 prior year, disaggregated by State, age, and race.

9 (3) The number of early learning providers en-
10 rolled, with assistance from funds under this title, in
11 a program to obtain a credential or degree in early
12 childhood education and the settings in which such
13 providers work.

14 (4) A summary of State progress in imple-
15 menting a system of early learning with the compo-
16 nents described in section 403(c)(3).

17 (5) A summary of the research activities being
18 conducted under section 405 and the findings of
19 such research.

20 (b) REPORTS TO SECRETARY.—Each State that re-
21 ceives a grant under this title shall submit to the Secretary
22 an annual report that includes, at a minimum, information
23 on the activities carried out by the State under this title,
24 including the following:

1 (1) The progress on fully implementing and in-
2 tegrating into a system of early learning each of the
3 components described in section 403(c)(3).

4 (2) The State's progress in meeting its goals
5 for increasing the number of disadvantaged children
6 participating in high-quality early learning pro-
7 grams, disaggregated by child age.

8 (3) The number and percentage of disadvan-
9 taged children participating in early learning pro-
10 grams at each level of quality, disaggregated by
11 race, family income, child age, disability, and limited
12 English proficiency status.

13 (4) The number of providers participating in
14 the State quality rating system, disaggregated by
15 setting, rating, and the number of high-quality pro-
16 viders available in low-income communities.

17 (5) Information on how the funds provided
18 under this title were used to increase the availability
19 of high-quality early learning programs for each age
20 group, disaggregated by race and limited English
21 proficient status, to the maximum extent practicable.

22 (6) Information on professional development
23 and training expenditures, including—

24 (A) the number of early learning providers
25 engaged in such activities; and

1 (B) the number of early learning providers
2 enrolled in programs to obtain a credential or
3 degree in early childhood education,
4 disaggregated by the type of credential and de-
5 gree.

6 (7) The change in the number and percentage
7 of early learning providers with appropriate creden-
8 tials or degrees in early childhood education, includ-
9 ing the change in compensation given to such pro-
10 viders, in comparison to the prior fiscal year,
11 disaggregated by early learning setting and the type
12 of credential or degree.

13 (8) In the case of a State receiving a grant
14 under section 402(a), the percentage of children re-
15 ceiving assistance under the Child Care and Devel-
16 opment Block Grant Act of 1990 (42 U.S.C. 9858
17 et seq.) who participate in the highest quality early
18 learning programs, disaggregated by program set-
19 ting and child age.

20 **SEC. 407. CONSTRUCTION.**

21 Nothing in this title—

22 (1) shall be construed to require a child to par-
23 ticipate in an early learning program; or

1 (2) shall be used to deny entry to kindergarten
2 for any individual if the individual is legally eligible,
3 as defined by State or local law.

4 **SEC. 408. DEFINITIONS.**

5 For purposes of this title:

6 (1) CHILD.—The term “child” refers to an in-
7 dividual from birth through the day the individual
8 enters kindergarten.

9 (2) DISADVANTAGED.—The term “disadvan-
10 taged”, when used with respect to a child, means a
11 child whose family income is described in section
12 658P(4)(B) of the Child Care and Development
13 Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)).

14 (3) INDIAN TRIBE.—The term “Indian tribe”
15 has the meaning given such term in section 637 of
16 the Head Start Act (42 U.S.C. 9832).

17 (4) LIMITED ENGLISH PROFICIENT.—The term
18 “limited English proficient” has the meaning given
19 such term in section 637 of the Head Start Act (42
20 U.S.C. 9832).

21 (5) SECRETARY.—The term “Secretary” means
22 the Secretary of Education.

23 (6) STATE.—The term “State” has the mean-
24 ing given such term in section 9101 of the Elemen-

1 tary and Secondary Education Act of 1965 (20
2 U.S.C. 7801).

3 **SEC. 409. AVAILABILITY OF FUNDS.**

4 There are authorized to be appropriated, and there
5 are appropriated, to carry out this title (in addition to any
6 other amounts appropriated to carry out this title and out
7 of any money in the Treasury not otherwise appropriated)
8 \$1,000,000,000 for each of fiscal years 2010 through
9 2017.

10 **TITLE V—AMERICAN**
11 **GRADUATION INITIATIVE**

12 **SEC. 501. AUTHORIZATION AND APPROPRIATION.**

13 (a) **AUTHORIZATION AND APPROPRIATION.**—There
14 are authorized to be appropriated, and there are appro-
15 priated, to carry out this title (in addition to any other
16 amounts appropriated to carry out this title and out of
17 any money in the Treasury not otherwise appropriated),
18 \$730,000,000 for each of the fiscal years 2010 through
19 2013, and \$680,000,000 for each of the fiscal years 2014
20 through 2019.

21 (b) **ALLOCATIONS.**—Of the amount appropriated
22 under subsection (a)—

23 (1) \$630,000,000 shall be made available for
24 each of the fiscal years 2010 through 2013 to carry
25 out section 503;

1 (2) \$630,000,000 shall be made available for
2 each of the fiscal years 2014 through 2019 to carry
3 out section 504;

4 (3) \$50,000,000 shall be made available for
5 each of the fiscal years 2010 through 2019 to carry
6 out subsection (a) of section 505; and

7 (4) \$50,000,000 shall be made available for
8 each of the fiscal years 2010 through 2013 to carry
9 out subsections (b) and (c) of section 505.

10 (c) RESPONSIBILITY.—

11 (1) IN GENERAL.—With respect to sections 503
12 and 504, the Secretary of Education shall bear the
13 responsibility for obligating and disbursing funds
14 under such sections and ensuring compliance with
15 applicable law and administrative requirements, sub-
16 ject to paragraph (2).

17 (2) INTERAGENCY AGREEMENT.—The Secretary
18 of Education and the Secretary of Labor shall joint-
19 ly administer sections 503 and 504 on such terms
20 as such Secretaries shall set forth in an interagency
21 agreement.

22 **SEC. 502. DEFINITIONS.**

23 In this title:

24 (1) AREA CAREER AND TECHNICAL EDUCATION
25 SCHOOL.—The term “area career and technical edu-

1 cation school” has the meaning given such term in
2 section 3 of the Carl D. Perkins Career and Tech-
3 nical Education Act of 2006 (20 U.S.C. 2302).

4 (2) ELIGIBLE ENTITY.—The term “eligible enti-
5 ty” means—

6 (A) a community college or community col-
7 lege district;

8 (B) an area career and technical education
9 school;

10 (C) a public four-year institution of higher
11 education that—

12 (i) offers two-year degrees;

13 (ii) will use funds provided under this
14 section for activities at the certificate and
15 associate degree levels; and

16 (iii) is not reasonably close, as deter-
17 mined by the Secretary, to a community
18 college;

19 (D) a public four-year institution of higher
20 education that is in partnership with an eligible
21 entity described in subparagraph (A), (B), or
22 (C);

23 (E) a State that—

1 (i) is in compliance with section 137
2 of the Higher Education Act of 1965 (20
3 U.S.C. 1015f);

4 (ii) has an articulation agreement
5 pursuant to section 486A of such Act (20
6 U.S.C. 1093a); and

7 (iii) is in partnership with an eligible
8 entity described in subparagraph (A), (B),
9 (C), or (D); or
10 (F) a consortium of at least 2 entities de-
11 scribed in subparagraphs (A) through (E).

12 (3) INSTITUTION OF HIGHER EDUCATION.—The
13 term “institution of higher education” has the
14 meaning given such term in section 101 of the High-
15 er Education Act of 1965 (20 U.S.C. 1001).

16 (4) COMMUNITY COLLEGE.—The term “commu-
17 nity college” means a public institution of higher
18 education at which the highest degree that is pre-
19 dominantly awarded to students is an associate’s de-
20 gree.

21 (5) PHILANTHROPIC ORGANIZATION.—The term
22 “philanthropic organization” has the meaning given
23 such term in section 781(i) of the Higher Education
24 Act of 1965 (20 U.S.C. 1141(i)).

1 (6) SECRETARY.—The term “Secretary” means
2 the Secretary of Education.

3 (7) STATE.—The term “State” has the mean-
4 ing given such term in section 103 of the Higher
5 Education Act of 1965 (20 U.S.C. 1003).

6 (8) STATE PUBLIC EMPLOYMENT SERVICE.—
7 The term “State public employment service” refers
8 to a State public employment service established
9 under the Wagner-Peyser Act (29 U.S.C. 49 et
10 seq.).

11 (9) STATE WORKFORCE INVESTMENT BOARD;
12 LOCAL WORKFORCE INVESTMENT BOARD.—The
13 terms “State workforce investment board” and
14 “local workforce investment board” refer to a State
15 workforce investment board established under sec-
16 tion 111 of the Workforce Investment Act (29
17 U.S.C. 2821) and a local workforce investment
18 board established under section 117 of such Act (29
19 U.S.C. 2832), respectively.

20 (10) SUPPORTIVE SERVICES.—The term “sup-
21 portive services” has the meaning given such term in
22 section 101(46) of the Workforce Investment Act of
23 1998 (29 U.S.C. 2801(46)).

1 **SEC. 503. GRANTS TO ELIGIBLE ENTITIES FOR COMMUNITY**

2 **COLLEGE REFORM.**

3 (a) PROGRAM AUTHORIZATION.—

4 (1) GRANTS AUTHORIZED.—

5 (A) IN GENERAL.—Subject to paragraph
6 (2), from the amount appropriated to carry out
7 this section, the Secretary, in coordination with
8 the Secretary of Labor, shall award grants to
9 eligible entities, on a competitive basis, to es-
10 tablish and support programs described in sub-
11 paragraph (B) at eligible entities described in
12 subparagraphs (A) through (D) of section
13 502(2).

14 (B) PROGRAMS.—The programs to be es-
15 tablished and supported with grants under sub-
16 paragraph (A) (and carried out through activi-
17 ties described in subsection (f)) shall be pro-
18 grams—

19 (i) that are—

20 (I) innovative programs; or

21 (II) programs of demonstrated
22 effectiveness, based on the evaluations
23 of similar programs funded by the De-
24 partment of Education or the Depart-
25 ment of Labor, or other research of
26 similar programs; and

1 (ii) that lead to the completion of a
2 postsecondary degree, certificate, or indus-
3 try-recognized credential leading to a
4 skilled occupation in a high-demand indus-
5 try.

6 (2) LIMITATION.—For each fiscal year for
7 which funds are appropriated to carry out this sec-
8 tion, the aggregate amount of the grants awarded to
9 eligible entities that are States, or consortia that in-
10 clude a State, shall be not more than 50 percent of
11 the total amount appropriated under section
12 501(b)(1) for such fiscal year.

13 (3) PROHIBITION.—The Secretary shall not
14 award a grant to an eligible entity for the same ac-
15 tivities that are being supported by other Federal
16 funds.

17 (b) GRANT DURATION AND AMOUNT.—

18 (1) DURATION.—A grant under this section
19 shall be awarded to an eligible entity for a 4-year pe-
20 riod, except that if the Secretary determines that the
21 eligible entity has not made demonstrable progress
22 in achieving the benchmarks developed pursuant to
23 subsection (g) by the end of the third year of such
24 grant period, no further grant funds shall be made

1 available to the entity after the date of such deter-
2 mination.

3 (2) AMOUNT.—The minimum amount of a total
4 grant award under this section over the 4-year pe-
5 riod of the award shall be \$750,000.

6 (c) PRIORITY.—In awarding grants under this sec-
7 tion, the Secretary shall give priority to eligible entities
8 that—

9 (1) enter into partnerships with—

10 (A) philanthropic or research organizations
11 with expertise in meeting the goals of this sec-
12 tion;

13 (B) businesses that—

14 (i) design and implement programs
15 described in subsection (a)(1)(B);

16 (ii) pay a portion of the costs of such
17 programs; and

18 (iii) agree to collaborate with one or
19 more eligible entities to hire individuals
20 who have completed a particular postsec-
21 ondary degree, certificate, or credential
22 program; or

23 (C) labor organizations that provide tech-
24 nical expertise for occupationally specific edu-
25 cation necessary for an industry-recognized cre-

1 dential leading to a skilled occupation in a high-
2 demand industry; or

3 (2) are institutions of higher education eligible
4 for assistance under title III or V of the Higher
5 Education Act of 1965, or consortia that include
6 such an institution.

7 (d) FEDERAL AND NON-FEDERAL SHARE; SUPPLE-
8 MENT, NOT SUPPLANT.—

9 (1) FEDERAL SHARE.—The amount of the Fed-
10 eral share under this section for a fiscal year shall
11 be not greater than $\frac{1}{2}$ of the costs of the programs,
12 services, and policies described in subsection (f) that
13 are carried out under the grant.

14 (2) NON-FEDERAL SHARE.—

15 (A) IN GENERAL.—The amount of the
16 non-Federal share under this section for a fiscal
17 year shall be not less than $\frac{1}{2}$ of the costs of the
18 programs, services, and policies described in
19 subsection (f) that are carried out under the
20 grant. The non-Federal share may be in cash or
21 in kind, and may be provided from State re-
22 sources, local resources, contributions from pri-
23 vate organizations, or a combination thereof.

24 (B) FINANCIAL HARDSHIP WAIVER.—The
25 Secretary may waive or reduce the non-Federal

1 share of an eligible entity that has submitted an
2 application under this section if the entity dem-
3 onstrates a need for such waiver or reduction
4 due to extreme financial hardship, as defined by
5 the Secretary by regulation.

6 (3) SUPPLEMENT, NOT SUPPLANT.—The Fed-
7 eral and non-Federal shares required by this section
8 shall be used to supplement, and not supplant, State
9 and private resources that would otherwise be ex-
10 pended to establish and support programs described
11 in subsection (a)(1)(B) at eligible entities.

12 (e) APPLICATION.—An eligible entity seeking to re-
13 ceive a grant under this section shall submit to the Sec-
14 retary an application at such time, in such manner, and
15 containing such information as the Secretary may require.
16 Such application shall describe the programs under sub-
17 section (a)(1)(B) that the eligible entity will carry out
18 using the grant funds, (including the programs, services,
19 and policies under subsection (f)), including—

20 (1) the goals of such programs, services, and
21 policies;

22 (2) how the eligible entity will allocate grant
23 funds for such programs, services, and policies;

24 (3) how such programs, services, and policies,
25 and the resources of the eligible entity, will enable

1 the eligible entity to meet the benchmarks developed
2 pursuant to subsection (g), and how the eligible enti-
3 ty will track and report the entity's progress in
4 reaching such benchmarks;

5 (4) how the eligible entity will use such pro-
6 grams, services, and policies to establish quantifiable
7 targets for improving graduation rates and employ-
8 ment-related outcomes;

9 (5) how the eligible entity will serve high-need
10 populations through such programs, services, and
11 policies;

12 (6) how the eligible entity will partner with the
13 State public employment service and State or local
14 workforce investment boards in carrying out such
15 programs, services, and policies;

16 (7) an assurance that the eligible entity will
17 share information with the Learning and Earning
18 Research Center established under section 505(b),
19 once such Center is established;

20 (8) an assurance that the eligible entity will
21 participate in the evaluation of such programs, serv-
22 ices, and policies under subsection (i); and

23 (9) the potential for such programs, services,
24 and policies to be replicated at other institutions of
25 higher education.

1 (f) USES OF FUNDS.—An eligible entity receiving a
2 grant under this section shall use the grant funds to carry
3 out the programs described in subsection (a)(1)(B), which
4 shall include at least 2 of the following activities:

5 (1) Developing and implementing policies and
6 programs to expand opportunities for students at eli-
7 gible entities described in subparagraphs (A)
8 through (D) of section 502(2) to earn bachelor's de-
9 grees by—

10 (A) facilitating the transfer of academic
11 credits between institutions of higher education,
12 including the transfer of academic credits for
13 courses in the same field of study; and

14 (B) expanding articulation agreements and
15 guaranteed transfer agreements between such
16 institutions, including through common course
17 numbering and general core curriculum.

18 (2) Expanding, enhancing, or creating academic
19 programs or training programs, which shall be car-
20 ried out in partnership with employers and may in-
21 clude other relevant partners, that provide relevant
22 job-skill training (including apprenticeships and
23 worksite learning and training opportunities) for
24 skilled occupations in high-demand industries.

1 (3) Providing student support services, includ-
2 ing—

3 (A) intensive career and academic advising;

4 (B) labor market information and job
5 counseling; and

6 (C) transitional job support, supportive
7 services, or assistance in connecting students
8 with community resources.

9 (4) Creating workforce programs that provide a
10 sequence of education and occupational training that
11 leads to industry-recognized credentials, including
12 programs that—

13 (A) blend basic skills and occupational
14 training that lead to industry-recognized cre-
15 dentials;

16 (B) integrate developmental education cur-
17 ricula and instruction with for-credit
18 coursework toward degree or certificate path-
19 ways; or

20 (C) advance individuals on a career path
21 toward high-wage occupations in high-demand
22 industries.

23 (5) Building or enhancing linkages, including
24 the development of dual enrollment programs and
25 early college high schools, between—

1 (A) secondary education or adult education
2 programs (including programs established
3 under the Carl D. Perkins Career and Tech-
4 nical Education Act of 2006 and title II of the
5 Workforce Investment Act of 1998 (29 U.S.C.
6 9201 et seq.)); and

7 (B) eligible entities described in subpara-
8 graphs (A) through (D) of section 502(2).

9 (6) Implementing other innovative programs,
10 services, and policies designed to—

11 (A) increase postsecondary degree, certifi-
12 cate, and industry-recognized credential comple-
13 tion rates, particularly with respect to groups
14 underrepresented in higher education, at eligible
15 entities described in subparagraphs (A) through
16 (D) of section 502(2); and

17 (B) increase the provision of training for
18 students to enter skilled occupations in high-de-
19 mand industries.

20 (g) BENCHMARKS.—

21 (1) IN GENERAL.—Each eligible entity receiving
22 a grant under this section shall develop quantifiable
23 benchmarks on the following indicators (where appli-
24 cable), to be approved by the Secretary:

1 (A) Closing gaps in enrollment and com-
2 pletion rates for—

3 (i) groups underrepresented in higher
4 education; and

5 (ii) groups of students enrolled at the
6 eligible entity (or at an institution of high-
7 er education under the jurisdiction of the
8 eligible entity, in the case of an entity that
9 is not an institution) who have the lowest
10 enrollment and completion rates.

11 (B) Addressing local and regional work-
12 force needs.

13 (C) Establishing articulation agreements
14 between two-year and four-year public institu-
15 tions of higher education within a State.

16 (D) Improving comprehensive employment
17 and educational outcomes for postsecondary
18 education and training programs, including—

19 (i) student persistence from one aca-
20 demic year to the following academic year;

21 (ii) the number of credits students
22 earn toward a certificate or an associate's
23 degree;

1 (iii) the number of students in devel-
2 opmental education courses who subse-
3 quently enroll in credit bearing coursework;

4 (iv) transfer of general education
5 credits between institutions of higher edu-
6 cation, as applicable;

7 (v) completion of industry-recognized
8 credentials or associate's degrees to work
9 in skilled occupations in high-demand in-
10 dustries;

11 (vi) transfers to four-year institutions
12 of higher education; and

13 (vii) job placement related to skills
14 training or associate's degree completion.

15 (2) REPORT.—The eligible entity receiving such
16 a grant shall annually measure and report to the
17 Secretary the progress of the entity in achieving the
18 benchmarks developed pursuant to paragraph (1).

19 (h) PROVISION OF TRANSFER OF CREDIT INFORMA-
20 TION IN COMMUNITY COLLEGE COURSE SCHEDULES.—

21 To the maximum extent practicable, each community col-
22 lege receiving a grant under this section shall include in
23 each electronic and printed publication of the college's
24 course schedule, in a manner of the college's choosing, for
25 each course listed in the college's course schedule, whether

1 such course is transferable for credit toward the comple-
2 tion of a 4-year baccalaureate degree at a public institu-
3 tion of higher education in the State in which the college
4 is located.

5 (i) EVALUATION.—The Secretary shall allocate not
6 more than two percent of the funds appropriated under
7 section 501(b)(1) to the Institute of Education Sciences
8 to conduct evaluations, ending not later than January 30,
9 2014, that—

10 (1) assess the effectiveness of the grant pro-
11 grams carried out by each eligible entity receiving
12 such a grant in—

13 (A) improving postsecondary education
14 completion rates (disaggregated by age, race,
15 ethnicity, sex, income, and disability);

16 (B) improving employment-related out-
17 comes for students served by such programs;

18 (C) serving high-need populations; and

19 (D) building or enhancing working part-
20 nerships with the State public employment serv-
21 ice or State or local workforce investment
22 boards; and

23 (2) include any other information or assess-
24 ments the Secretary may require.

1 (j) REPORT.—The Secretary shall submit to the
2 Committee on Health, Education, Labor, and Pensions of
3 the Senate and the Committee on Education and Labor
4 of the House of Representatives an annual report on
5 grants awarded under this section, including—

6 (1) the amount awarded to each eligible entity
7 under this section;

8 (2) a description of the activities conducted by
9 each eligible entity receiving a grant under this sec-
10 tion; and

11 (3) a summary of the results of the evaluations
12 submitted to the Secretary under subsection (i) and
13 the progress each eligible entity made toward achiev-
14 ing the benchmarks developed under subsection (g).

15 **SEC. 504. GRANTS TO ELIGIBLE STATES FOR COMMUNITY**
16 **COLLEGE PROGRAMS.**

17 (a) PROGRAM AUTHORIZATION.—From the amount
18 appropriated to carry out this section, the Secretary, in
19 coordination with the Secretary of Labor, shall award
20 grants to eligible States, on a competitive basis, to imple-
21 ment the systematic reform of community colleges located
22 in the State by carrying out programs, services, and poli-
23 cies that demonstrated effectiveness under the evaluation
24 described in section 503(i).

1 (b) ELIGIBLE STATE.—In this section, the term “eli-
2 gible State” means a State that demonstrates to the Sec-
3 retary in the application submitted pursuant to subsection
4 (e) that the State—

5 (1) has a plan under section 782 of the Higher
6 Education Act of 1965 to increase the State’s rate
7 of persistence in and completion of postsecondary
8 education that takes into consideration and involves
9 community colleges located in such State;

10 (2) has a statewide longitudinal data system
11 that includes data with respect to community col-
12 leges;

13 (3) has an articulation agreement pursuant to
14 section 486A of the Higher Education Act of 1965
15 (20 U.S.C. 1093a);

16 (4) is in compliance with section 137 of such
17 Act (20 U.S.C. 1015f); and

18 (5) meets any other requirements the Secretary
19 may require.

20 (c) GRANT DURATION; RENEWAL.—A grant awarded
21 under this section shall be awarded to an eligible State
22 for a 6-year period, except that if the Secretary determines
23 that the eligible State has not made demonstrable progress
24 in achieving the benchmarks developed pursuant to sub-
25 section (g) by the end of the third year of the grant period,

1 no further grant funds shall be made available to the enti-
2 ty after the date of such determination.

3 (d) FEDERAL AND NON-FEDERAL SHARE; SUPPLE-
4 MENT, NOT SUPPLANT.—

5 (1) FEDERAL SHARE.—The amount of the Fed-
6 eral share under this section for a fiscal year shall
7 be not greater than $\frac{1}{2}$ of the costs of the reform de-
8 scribed in subsection (f) that is carried out with the
9 grant.

10 (2) NON-FEDERAL SHARE.—

11 (A) IN GENERAL.—The amount of the
12 Non-Federal share under this section for a fis-
13 cal year shall be not less than $\frac{1}{2}$ of the costs
14 of the reform described in subsection (f) that is
15 carried out with the grant. The non-Federal
16 share may be in cash or in kind, and may be
17 provided from State resources, local resources,
18 contributions from private organizations, or a
19 combination thereof.

20 (B) FINANCIAL HARDSHIP WAIVER.—The
21 Secretary may waive or reduce the non-Federal
22 share of an eligible State that has submitted an
23 application under this section if the State dem-
24 onstrates a need for such waiver or reduction

1 due to extreme financial hardship, as defined by
2 the Secretary by regulation.

3 (3) SUPPLEMENT, NOT SUPPLANT.—The Fed-
4 eral and non-Federal share required by this section
5 shall be used to supplement, and not supplant, State
6 and private resources that would otherwise be ex-
7 pended to carry out the systematic reform of com-
8 munity colleges in a State.

9 (e) APPLICATION.—An eligible State desiring to re-
10 ceive a grant under this section shall submit to the Sec-
11 retary an application at such time, in such manner, and
12 containing such information as the Secretary may require.
13 Such application shall describe the programs, service, and
14 policies to be used by the State to achieve the systematic
15 reform described in subsection (f), including—

16 (1) the goals of such programs, services, and
17 policies;

18 (2) how the State will allocate grant funds to
19 carry out such programs, services, and policies, in-
20 cluding identifying any State or private entity that
21 will administer such programs, services, and policies;

22 (3) how such programs, services, and policies
23 will enable the State to—

24 (A) meet the benchmarks developed pursu-
25 ant to subsection (g), and how the State will

1 track and report the State's progress in reach-
2 ing such benchmarks; and

3 (B) benefit students attending all commu-
4 nity colleges within the State;

5 (4) how the State will use such programs, serv-
6 ices, and policies to establish quantifiable targets for
7 improving graduation rates and employment-related
8 outcomes;

9 (5) how the State will serve high-need popu-
10 lations through such programs, services, and poli-
11 cies;

12 (6) how the State will partner with the State
13 public employment service and State or local work-
14 force investment boards in carrying out such pro-
15 grams, services, and policies;

16 (7) how the State will evaluate such programs,
17 services, and policies, which may include participa-
18 tion in national evaluations; and

19 (8) how the State will involve community col-
20 leges and community college faculty in the planning,
21 implementation, and evaluation of such programs,
22 services, and policies.

23 (f) USES OF FUNDS.—An eligible State receiving a
24 grant under this section shall use the grant funds to im-
25 plement the systematic reform of community colleges lo-

1 cated in the State by carrying out programs, services, and
2 policies that the Secretary has determined to have dem-
3 onstrated effectiveness based on the results of the evalua-
4 tion described in section 503(i). States shall allocate not
5 less than 90 percent of such grant funds to community
6 colleges within the State.

7 (g) BENCHMARKS.—

8 (1) IN GENERAL.—Each eligible State receiving
9 a grant under this section shall, in consultation with
10 the Secretary, develop quantifiable benchmarks on
11 the indicators identified in section 503(f)(1).

12 (2) PROGRESS.—An eligible State receiving
13 such a grant shall annually measure and report to
14 the Secretary progress in achieving the benchmarks
15 developed pursuant to paragraph (1).

16 (h) REPORT.—

17 (1) REPORTS TO THE SECRETARY.—Each eligi-
18 ble State receiving a grant under this section shall
19 annually submit to the Secretary and the Secretary
20 of Labor a report on such grant, including—

21 (A) a description of the systematic reform
22 carried out by the State using such grant; and

23 (B) the outcome of such reform, including
24 the State's progress in achieving the bench-
25 marks developed under subsection (g).

1 (2) REPORTS TO CONGRESS.—Not later than 6
2 months after the end of the grant period, the Sec-
3 retary shall submit to the Committee on Health,
4 Education, Labor, and Pensions of the Senate and
5 the Committee on Education and Labor of the
6 House of Representatives a summary of the reports
7 submitted under paragraph (1) with respect to such
8 grant period.

9 **SEC. 505. NATIONAL ACTIVITIES.**

10 (a) OPEN ONLINE EDUCATION.—From the amount
11 appropriated to carry out this section, the Secretary is au-
12 thorized to make competitive grants to, or enter into con-
13 tracts with, institutions of higher education, philanthropic
14 organizations, and other appropriate entities to develop,
15 evaluate, and disseminate freely-available high-quality on-
16 line training, high school courses, and postsecondary edu-
17 cation courses. Entities receiving funds under this sub-
18 section shall ensure that electronic and information tech-
19 nology activities meet the access standards established
20 under section 508 of the Rehabilitation Act of 1973 (29
21 U.S.C. 794d).

22 (b) LEARNING AND EARNING RESEARCH CENTER.—

23 (1) IN GENERAL.—From the amount appro-
24 priated to carry out this section, the Director of the
25 Institute of Education Sciences is authorized to

1 award a grant to, or enter into a contract with, an
2 organization with demonstrated expertise in the re-
3 search and evaluation of community colleges to es-
4 tablish and operate the Learning and Earning Re-
5 search Center (in this section referred to as the
6 “Center”).

7 (2) GRANT TERM.—The grant or contract
8 awarded under this section shall be awarded for a
9 period of not more than 4 years.

10 (3) BOARD.—The Center shall have an inde-
11 pendent advisory board of 9 individuals who—

12 (A) are appointed by the Secretary, based
13 on recommendations from the organization re-
14 ceiving the grant or contract under this section;
15 and

16 (B) who have demonstrated expertise in—
17 (i) data collection;
18 (ii) data analysis; and
19 (iii) econometrics, postsecondary edu-
20 cation, and workforce development re-
21 search.

22 (4) CENTER ACTIVITIES.—The Center shall—

23 (A) develop—

24 (i) peer-reviewed metrics to help con-
25 sumers make sound education and training

1 choices, and to help students, workers,
2 schools, businesses, researchers, and pol-
3 icymakers assess the effectiveness of com-
4 munity colleges, and courses of study at
5 such colleges, in meeting education and
6 employment objectives and serving groups
7 that are underrepresented in postsecondary
8 education;

9 (ii) common metrics and data ele-
10 ments to measure the education and em-
11 ployment outcomes of students attending
12 community colleges;

13 (B) coordinate with the Institute of Edu-
14 cation Sciences and States receiving a grant
15 under subsection (c) to develop—

16 (i) standardized data elements, defini-
17 tions, and data-sharing protocols to make
18 it possible for data systems related to post-
19 secondary education to be linked and inter-
20 operable, and for best practices to be
21 shared among States;

22 (ii) standards and processes for facili-
23 tating sharing of data in a manner that
24 safeguards student privacy; and

1 (C) develop and make widely available ma-
2 terials analyzing best practices and research on
3 successful postsecondary education and training
4 efforts;

5 (D) make the data and metrics developed
6 pursuant to subparagraph (A) available to the
7 public in a transparent, user-friendly format
8 that is accessible to individuals with disabilities;
9 and

10 (E) consult with representatives from
11 States with respect to the activities of the Cen-
12 ter.

13 (c) STATE SYSTEMS.—

14 (1) IN GENERAL.—From the amount appro-
15 priated to carry out this section, the Secretary is au-
16 thorized to award grants to States or consortia of
17 States to establish cooperative agreements to de-
18 velop, implement, and expand interoperable state-
19 wide longitudinal data systems that—

20 (A) collect, maintain, disaggregate (by in-
21 stitution, income, race, ethnicity, sex, disability,
22 and age), and analyze student data from com-
23 munity colleges, including data on the programs
24 of study and education and employment out-

1 comes for particular students, tracked over
2 time; and

3 (B) can be linked to other data systems, as
4 applicable, including elementary and secondary
5 education and workforce data systems.

6 (2) SUPPLEMENT, NOT SUPPLANT.—Funds ap-
7 propriated to carry out this subsection shall be used
8 to supplement, and not supplant, other Federal and
9 State resources that would otherwise be expended to
10 carry out statewide longitudinal data systems, in-
11 cluding funding appropriated for State Longitudinal
12 Data Systems in the American Recovery and Rein-
13 vestment Act of 2009 (Public Law 111–5; 123 Stat.
14 115).

15 (3) PRIVACY AND ACCESS TO DATA.—

16 (A) IN GENERAL.—Each State or consortia
17 that receives a grant under this subsection or
18 any other provision of this Act shall implement
19 measures to—

20 (i) ensure that the statewide longitu-
21 dinal data system under this subsection
22 and any other data system the State or
23 consortia is operating for the purposes of
24 this Act meet the requirements of section
25 444 of the General Education Provisions

1 Act (20 U.S.C. 1232g) (commonly known
2 as the “Family Educational Rights and
3 Privacy Act of 1974”);

4 (ii) limit the use of information in any
5 such data system by governmental agencies
6 in the State, including State agencies,
7 State educational authorities, local edu-
8 cational agencies, community colleges, and
9 institutions of higher education, to edu-
10 cation and workforce related activities
11 under this Act or education and workforce
12 related activities otherwise permitted by
13 Federal or State law;

14 (iii) prohibit the disclosure of person-
15 ally identifiable information except as per-
16 mitted under section 444 of the General
17 Education Provisions Act and any addi-
18 tional limitations set forth in State law;

19 (iv) keep an accurate accounting of
20 the date, nature, and purpose of each dis-
21 closure of personally identifiable informa-
22 tion in any such data system, a description
23 of the information disclosed, and the name
24 and address of the person, agency, institu-
25 tion, or entity to whom the disclosure is

1 made, which accounting shall be made
2 available on request to parents of any stu-
3 dent whose information has been disclosed;

4 (v) notwithstanding section 444 of the
5 General Education Provisions Act, require
6 any non-governmental party obtaining per-
7 sonally identifiable information to sign a
8 data use agreement prior to disclosure
9 that—

10 (I) prohibits the party from fur-
11 ther disclosing the information;

12 (II) prohibits the party from
13 using the information for any purpose
14 other than the purpose specified in
15 the agreement; and

16 (III) requires the party to de-
17 stroy the information when the pur-
18 pose for which the disclosure was
19 made is accomplished;

20 (vi) maintain adequate security meas-
21 ures to ensure the confidentiality and in-
22 tegrity of any such data system, such as
23 protecting a student record from identifica-
24 tion by a unique identifier;

1 (vii) where rights are provided to par-
2 ents under this clause, provide those rights
3 to the student instead of the parent if the
4 student has reached the age of 18 or is en-
5 rolled in a postsecondary educational insti-
6 tution; and

7 (viii) ensure adequate enforcement of
8 the requirements of this paragraph.

9 (B) USE OF UNIQUE IDENTIFIERS.—It
10 shall be unlawful for any Federal, State, or
11 local governmental agency to—

12 (i) use the unique identifiers employed
13 in such data systems for any purpose other
14 than as authorized by Federal or State
15 law; or

16 (ii) deny any individual any right,
17 benefit, or privilege provided by law be-
18 cause of such individual's refusal to dis-
19 close the individual's unique identifier.

20 (d) REPORT.—The Secretary shall submit to the
21 Committee on Health, Education, Labor, and Pensions of
22 the Senate and the Committee on Education and Labor
23 of the House of Representatives an annual report on the
24 amounts awarded to entities receiving grants or contracts

- 1 under this section, and the activities carried out by such
- 2 entities under such grants and contracts.

