H. R. 111

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

IN THE HOUSE OF REPRESENTATIVES

Mr. George Miller of California (for himself and [see attached list of cosponsors]) introduced the following bill; which was referred to the Committee on ______________________

A BILL

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

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3
SEC. 1. SHORT TITLE.

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

SEC. 2. TABLE OF CONTENTS.

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TITLE V—COMMUNITY COLLEGE 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.
SEC. 3. REFERENCES.

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

TITLE I—INVESTING IN
STUDENTS AND FAMILIES

Subtitle A—Increasing College Access and Completion

SEC. 101. FEDERAL PELL GRANTS.

Section 401(b) (20 U.S.C. 1070a(b)) is amended—

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

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

“(i) the maximum Federal Pell Grant, as specified in the last enacted appropriation Act applicable to that award year, plus

“(ii) the amount of the increase calculated under paragraph (8)(B) for that year, less
“(iii) an amount equal to the amount
determined to be the expected family con-
tribution with respect to that student for
that year.”; and

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

“(8) ADDITIONAL FUNDS.—

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

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

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

“(iii) such sums as may be necessary
for fiscal year 2010 and each subsequent
fiscal year to provide the amount of in-
crease of the maximum Federal Pell Grant
required by clauses (ii) and (iii) of sub-
paragraph (B).
“(B) INCREASE IN FEDERAL PELL GRANTS.—The amounts made available pursuant to subparagraph (A) shall be used to increase the amount of the maximum Federal Pell Grant for which a student shall be eligible during an award year, as specified in the last enacted appropriation Act applicable to that award year, by—

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

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

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

“(C) INFLATION-ADJUSTED AMOUNTS.—

“(i) AWARD YEAR 2011–2012.—For award year 2011–2012, the amount determined under this subparagraph for purposes of subparagraph (B)(iii) shall be equal to—

“(I) $5,550 or the total maximum Federal Pell Grant for the preceding award year (as determined under clause (iv)(II)), whichever is
greater, increased by a percentage equal to the annual adjustment percentage for award year 2011–2012; reduced by

“(II) $4,860 or the maximum Federal Pell Grant for which a student was eligible for the preceding award year, as specified in the last enacted appropriation Act applicable to that year, whichever is greater; and

“(III) rounded to the nearest $5.

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

“(I) the total maximum Federal Pell Grant for the preceding award year (as determined under clause (iv)(II)), increased by a percentage equal to the annual adjustment percentage for the award year for which the amount under this subparagraph is being determined; reduced by
(II) $4,860 or the maximum Federal Pell Grant for which a student was eligible for the preceding award year, as specified in the last enacted appropriation Act applicable to that year, whichever is greater; and

“(III) rounded to the nearest $5.

“(iii) LIMITATION ON DECREASES.—Notwithstanding clauses (i) and (ii), if the amount determined under clause (i) or (ii) for an award year is less than the amount determined under this paragraph for the preceding award year, the amount determined under such clause for such award year shall be the amount determined under this paragraph for the preceding award year.

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

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

“(aa) the estimated percentage change in the Consumer Price Index (as determined by
the Secretary, using the definition in section 478(f) for the most recent calendar year ending prior to the beginning of that award year; and

“(bb) one percentage point;

and

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

“(aa) the maximum Federal Pell Grant for which a student is eligible during an award year, as specified in the last enacted appropriation Act applicable to that preceding award year; and

“(bb) the amount of the increase in the maximum Federal Pell Grant required by this paragraph for that preceding award year.

“(D) PROGRAM REQUIREMENTS AND OPERATIONS OTHERWISE UNAFFECTED.—Except as provided in subparagraphs (B) and (C),
nothing in this paragraph shall be construed to alter the requirements and operations of the Federal Pell Grant Program as authorized under this section, or to authorize the imposition of additional requirements or operations for the determination and allocation of Federal Pell Grants under this section.

“(E) AVAILABILITY OF FUNDS.—The amounts made available by subparagraph (A) for any fiscal year shall be available beginning on October 1 of that fiscal year, and shall remain available through September 30 of the succeeding fiscal year.”

SEC. 102. COLLEGE ACCESS AND COMPLETION INNOVATION FUND.

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

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

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

“SEC. 780. PURPOSES.

“The purposes of this part are—
“(1) to promote innovation in postsecondary education practices and policies by institutions of higher education, States, and nonprofit organizations to improve student success, completion, and post-completion employment, particularly for students from groups that are underrepresented in postsecondary education; and

“(2) to assist States in developing longitudinal data systems, common metrics, and reporting systems to enhance the quality and availability of information about student success, completion, and post-completion employment.”.

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

“(a) AUTHORIZATION AND APPROPRIATION.—

“(1) IN GENERAL.—There are authorized to be appropriated, and there are appropriated, to carry out this part (in addition to any other amounts appropriated to carry out this part and out of any money in the Treasury not otherwise appropriated), $600,000,000 for each of the fiscal years 2010 through 2014.

“(2) ALLOCATIONS.—Of the amount appropriated for any fiscal year under paragraph (1)—
(A) 25 percent shall be made available to carry out section 781;

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

(C) 24 percent shall be made available to carry out section 783; and

(D) 1 percent shall be made available to carry out section 784.”.

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

“SEC. 782. STATE INNOVATION COMPLETION GRANTS.

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

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

(1) FEDERAL SHARE.—The amount of the Federal share under this section for a fiscal year shall be equal to \( \frac{2}{3} \) of the costs of the activities and services described in subsection (d)(1) that are carried out under the grant.

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

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

“(c) APPLICATION AND SELECTION.—

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

“(A) a description of the State’s capacity
to administer the grant under this section;
“(B) a description of the State’s plans for using the grant funds for activities described in subsection (d)(1), including plans for how the State will make special efforts to provide benefits to students in the State who are from groups that are underrepresented in postsecondary education;

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

“(D) a description of—

“(i) the administrative system that the State has in place to administer the activities and services described in subsection (d)(1); or

“(ii) the plan to develop such administrative system;

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

“(F) the assurances under paragraph (2).
“(2) STATE ASSURANCES.—The assurances required in paragraph (1)(F) shall include an assurance of each of the following:

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

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

“(I) the rates of postsecondary enrollment, persistence, and completion, disaggregated by income, race, ethnicity, gender, disability, and age of students;

“(II) closing gaps in enrollment, persistence, and completion rates for students from groups that are underrepresented in postsecondary education;

“(III) targeting education and training programs to address labor market needs in the State, as such needs are determined by the State; and
“(IV) improving coordination between two-year and four-year institutions of higher education in the State, including supporting comprehensive articulation agreements between such institutions; and

“(ii) the State’s plan to develop a statewide longitudinal data system that will—

“(I) collect, maintain, disaggregate (by income, race, ethnicity, gender, disability, and age of students), and analyze postsecondary education and workforce information, including—

“(aa) postsecondary education enrollment, persistence, and completion information;

“(bb) post-completion employment outcomes of students who enrolled in postsecondary programs and training programs offered by eligible training providers under the Workforce In-
vestment Act of 1998 (29 U.S.C. 2801 et seq.); and

“(cc) postsecondary education and employment outcomes of students who move out of the State; and

“(II) make the information described in subclause (I) available to the general public in a manner that is transparent and user-friendly.

“(B) That the State has a comprehensive planning or policy formulation process with respect to increasing postsecondary enrollment, persistence, and completion that—

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

“(ii) encourages State policies that are designed to improve rates of enrollment and persistence in, and completion of, postsecondary education for all categories of institutions of higher education described in section 132(d) in the State;

“(iii) considers the postsecondary education needs of students from groups that
are underrepresented in postsecondary education;

“(iv) considers the resources of public and private institutions of higher education, organizations, and agencies within the State that are capable of providing access to postsecondary education opportunities within the State; and

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

“(I) institutions of higher education, including at least one member from a junior or community college (as defined in section 312(f));

“(II) students;

“(III) other providers of postsecondary education services (including organizations providing access to such services); and
“(IV) the general public in the State.

“(C) That the State will incorporate policies and practices that, through the activities funded under this section, are determined to be effective in improving rates of postsecondary education enrollment, persistence, and completion into the future postsecondary education policies and practices of the State to ensure that the benefits achieved through the activities funded under this section continue beyond the period of the grant.

“(3) Subgrants to nonprofit organizations.—A State receiving a payment under this section may elect to make a subgrant to one or more nonprofit organizations in the State, including agencies with agreements with the Secretary under subsections (b) and (e) of section 428 on the date of the enactment of the Student Aid and Fiscal Responsibility Act of 2009, or a partnership of such organizations, to carry out activities and services described in subsection (d)(1), if the nonprofit organization or partnership—
“(A) was in existence on the day before the date of the enactment of the Student Aid and Fiscal Responsibility Act of 2009; and

“(B) as of such day, was participating in activities and services related to promoting persistence in, and completion of, postsecondary education, such as the activities and services described in subsection (d)(1).

“(4) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to States that enter into a partnership with one of the following entities to carry out the activities and services described in subsection (d)(1):

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

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

“(d) USES OF FUNDS.—

“(1) AUTHORIZED USES.—A State receiving a grant under this section shall use the grant funds to—
“(A) provide programs in such State that increase persistence in, and completion of, post-secondary education, which may include—

“(i) programs to assist institutions of higher education in providing financial literacy, education, and counseling to enrolled students;

“(ii) programs intended to assist students enrolled in an institution of higher education with reducing the amount of loan debt incurred by such students;

“(iii) providing grants to students described in section 415A(a)(1), in accordance with the terms of that section; and

“(iv) carrying out the activities described in section 415E(a); and

“(B) support the development and implementation of a statewide longitudinal data system, as described in subsection (c)(2)(A)(ii).

“(2) PROHIBITED USES.—Funds made available under this section shall not be used to promote any lender’s loans or other services.

“(3) RESTRICTIONS ON USE OF FUNDS.—A State—
“(A) shall use not less than ⅓ of the sum of the Federal and non-Federal share used for paragraph (1)(A) on activities that benefit students enrolled in junior or community colleges (as defined in section 312(f)), two-year public institutions, or two-year programs of instruction at four-year public institutions;

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

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

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

“(1) the activities and services described in subsection (d)(1) that are carried out with such grant;

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

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

SEC. 783. INNOVATION IN COLLEGE ACCESS AND COMPLETION NATIONAL ACTIVITIES.

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

“(b) Eligible Entities.—The Secretary is authorized to award grants under subsection (a) to—

“(1) institutions of higher education;

“(2) States;

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

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

“(5) entities receiving a grant under chapter 1 of subpart 2 of part A of title IV; and
“(6) consortia of any of the entities described in paragraphs (1) through (5).

“(c) INNOVATION GRANTS.—

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

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

“(A) the authority to award to an eligible entity a grant in an amount equal to all or part of the amount of funds received by such entity from philanthropic organizations (as such term is defined in section 781(i)(1)) to conduct innovative programs that advance knowledge about, and adoption of, policies and practices that increase the number of individuals with postsecondary degrees or certificates; and

“(B) the authority to award an eligible entity a grant to develop 2-year programs that provide supplemental grant or loan benefits to students that—

“(i) are designed to improve student outcomes, including degree completion, graduation without student loan debt, and post-completion employment;
“(ii) are in addition to the student financial aid available under title IV of this Act; and

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

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

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

“(A) are from an eligible entity with demonstrated experience in serving students from groups that are underrepresented in postsecondary education, including institutions of higher education that are eligible for assistance under title III or V, or are from a consortium that includes an eligible entity with such experience;

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

“(C) include activities to increase degree or certificate completion in the fields of science, technology, engineering, and mathematics, including preparation for, or entry into, postbaccaluareate study;

“(D) are from an eligible entity that is a philanthropic organization with the primary purpose of providing scholarships and support services to students from groups that are traditionally underrepresented in postsecondary education, or are from a consortium that includes such an organization; or

“(E) encourage partnerships between institutions of higher education with high degree-completion rates and institutions of higher education with low degree-completion rates from the same category of institutions described in section 132(d) to facilitate the sharing of information relating to, and the implementation of, best practices for increasing postsecondary completion.
“(5) TECHNICAL ASSISTANCE.—The Secretary may reserve up to $50,000,000 per year to award grants and contracts to provide technical assistance to eligible entities receiving a grant under subsection (a), including technical assistance on the evaluation conducted in accordance with section 784 and establishing networks of eligible entities receiving grants under such subsection.

“(d) REPORTS.—

“(1) ANNUAL REPORTS BY ENTITIES.—Each eligible entity receiving a grant under subsection (a) shall submit to the Secretary and annual report on—

“(A) the effectiveness of the program carried out with such grant in increasing postsecondary completion, as determined by measurable progress in achieving the goals of the program, as described in the application for such grant; and

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

“(2) ANNUAL REPORT TO CONGRESS.—The Secretary shall submit to the authorizing committees an annual report on grants awarded under subsection (a), including—
“(A) the amount awarded to each eligible
entity receiving a grant under such subsection;
and
“(B) a description of the activities con-
ducted by each such eligible entity.

“SEC. 784. EVALUATION.

“From the amount appropriated under section
781(a)(2)(D), the Director of the Institute of Education
Sciences shall conduct a rigorous evaluation of the pro-
grams funded under this part. Not later than January 30,
2016, the Director shall issue a final report on such eval-
uation to the authorizing committees and the Secretary,
and shall make such report available to the public.”.

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

Section 371(b) (20 U.S.C. 1067q(b)) is amended—
(1) in paragraph (1)(A), by striking
“$255,000,000” and all that follows and inserting
“$255,000,000 for each of the fiscal years 2008
through 2014.”; and
(2) by amending paragraph (2)(B) to read as
follows:
“(B) STEM AND ARTICULATION PRO-
GRAMS.—From the amount made available for
allocation under this subparagraph by subpara-
graph (A)(i) for any fiscal year—

“(i) 90 percent shall be available for
Hispanic-serving Institutions for activities
described in sections 503 and 517, with a
priority given to applications that pro-
pose—

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

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

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

SEC. 104. INVESTMENT IN COOPERATIVE EDUCATION.

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

Subtitle B—Student Financial Aid

Form Simplification

SEC. 121. GENERAL EFFECTIVE DATE.

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

SEC. 122. TREATMENT OF ASSETS IN NEED ANALYSIS.

(a) Amount of Need.—Section 471 (20 U.S.C. 1087kk) is amended—

(1) by striking “Except” and inserting the following:

“(a) In General.—Except”;

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

(3) by adding at the end the following:

“(b) Asset Cap for Need-Based Aid.—Notwithstanding any other provision of this title, a student shall not be eligible to receive any need-based grant, loan, or work assistance under this title if—

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

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

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

(1) by striking paragraph (4); and

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

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

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking “adjusted”; and

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

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

(C) by striking paragraph (3);

(2) in subsection (b)—
(A) in the header, by striking “ADJUSTED”; 
(B) in the matter preceding paragraph (1), by striking “adjusted”; 
(C) by striking paragraph (1); 
(D) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively; 
(E) in paragraph (1) (as redesignated by subparagraph (D) of this paragraph), by striking “adjusted”; and 
(F) in paragraph (2) (as redesignated by subparagraph (D) of this paragraph), by striking “paragraph (2)” and inserting “paragraph (1)”;
(3) by repealing subsection (d);
(4) in subsection (e)—
(A) by striking “The adjusted available” and inserting “The available”; 
(B) by striking “to as ‘AAI’)” and inserting “to as ‘AI’)”; 
(C) by striking “From Adjusted Available Income (AAI)” and inserting “From Available Income (AI)”;
(D) in the table—
(i) by striking “If AAI” and inserting “If AI”; and

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

(5) in subsection (f)—

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

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

(C) in paragraph (3)—

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

(ii) by striking “adjusted”;  

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

(7) by repealing subsection (h); and

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

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

(1) in subsection (a)—

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

(C) in paragraph (1) (as redesignated by subparagraph (B)), by striking “the sum resulting under paragraph (1)” and inserting “the family’s contribution from available income (determined in accordance with subsection (b))”;

and

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

(2) by repealing subsection (e); and

(3) in subsection (d)—

(A) by striking “and assets”; and

(B) by striking “or assets”.

(e) FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.—

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

(1) in subsection (a)—

(A) by striking paragraph (1);

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

(C) in paragraph (1) (as redesignated by subparagraph (B)), by striking “such adjusted
available income” and inserting “the family’s available income (determined in accordance with subsection (b))”;

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

(E) in paragraph (3)(A) (as redesignated by subparagraph (B)), by striking “paragraph (3)” and inserting “paragraph (2)”;

(2) by repealing subsection (c); and

(3) in subsection (d)—

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

(B) by striking “to as ‘AAI’)” and inserting “to as ‘AI’)”; and

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

(D) in the table—

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

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

(E) in subsection (e)—

(i) by striking “and assets”; and
(ii) by striking “or assets”.

(f) Regulations; Updated Tables.—Section 478 (20 U.S.C. 1087rr) is amended—

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

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

“(c) Asset Cap for Need-Based Aid.—For each award year after award year 2011–2012, the Secretary shall publish in the Federal Register a revised net asset cap for the purposes of section 471(b). Such revised cap shall be determined by increasing the dollar amount in such section by a percentage equal to the estimated percentage change in the Consumer Price Index (as determined by the Secretary) between December 2010 and the December preceding the beginning of such award year, and rounding the result to the nearest $5.”;

(3) by repealing subsection (d); and

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

SEC. 123. SOCIAL SECURITY ALLOWANCES.

(a) Parent’s Available Income.—Section 475(c)(3) (20 U.S.C. 1087oo(c)(3)) is amended by strik-
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(b) STUDENTS WITHOUT DEPENDENTS.—Section 476(b)(3) (20 U.S.C. 1087pp(b)(3)) is amended by striking “amount earned by” and inserting “total income (as defined in section 480) of”.

c) STUDENTS WITH DEPENDENTS.—Section 477(b)(3) (20 U.S.C. 1087qq(b)(3)) is amended by striking “amount estimated to be earned by” and inserting “total income (as defined in section 480) of”.

SEC. 124. CHANGES TO TOTAL INCOME; AID ELIGIBILITY.

(a) DEFINITION OF UNTAXED INCOME AND BENEFITS.—Section 480(b)(1) (20 U.S.C. 1087vv(b)(1)), as amended by the Higher Education Opportunity Act (Public Law 110–315), is amended—

(1) by striking subparagraphs (A), (B), (C),

(E), (F), and (I);

(2) by redesignating subparagraphs (D), (G),

and (H) as subparagraphs (A), (B), and (C), respectively;

(3) in subparagraph (B) (as redesignated by paragraph (2)), by inserting “and” after the semi-colon; and
(4) in subparagraph (C) (as redesignated by paragraph (2)), by striking “; and” and inserting a period.

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

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

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

(3) by adding at the end the following:

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

(c) FINANCIAL ADMINISTRATOR DISCRETION.—Section 479A(b) (20 U.S.C. 1087tt) is amended in the subsection heading, by striking “TO ASSETS”.

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

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

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

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

TITLE II—STUDENT LOAN
REFORM
Subtitle A—Stafford Loan Reform

SEC. 201. FEDERAL FAMILY EDUCATION LOAN APPROPRIA-
TIONS.

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

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

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

“(d) Termination of Authority to Make or Ins-
sure New Loans.—Notwithstanding paragraphs (1)
through (6) of subsection (b) or any other provision of law—

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

“(2) no funds are authorized to be appropriated, or may be expended, under this Act or any other Act to make or insure loans under this part (including consolidation loans) for which the first disbursement would be made after June 30, 2010, except as expressly authorized by an Act of Congress enacted after the date of enactment of Student Aid and Fiscal Responsibility Act of 2009.”.

SEC. 202. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.

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

SEC. 203. APPLICABLE INTEREST RATES.

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

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

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

(4) in paragraph (4)—

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

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

SEC. 204. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.

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

(1) in subsection (a)—

(A) in paragraph (1), in the matter preceding subparagraph (A), by inserting “for which the first disbursement is made before July 1, 2010, and” after “eligible institution”; and

(B) in paragraph (5), by striking “September 30, 2014,” and all that follows through the period and inserting “June 30, 2010.”; 

(2) in subsection (b)(1)—
(A) in subparagraph (G)(ii), by inserting “and before July 1, 2010,” after “July 1, 2006,”; and

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

(3) in subsection (f)(1)(A)(ii)—

(A) by striking “during fiscal years beginning”; and

(B) by inserting “and first disbursed before July 1, 2010,” after “October 1, 2003,”; and

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

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

SEC. 205. FEDERAL PLUS LOANS.

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

SEC. 206. FEDERAL CONSOLIDATION LOAN.

(a) AMENDMENTS.—Section 428C (20 U.S.C. 1078–3) is amended—
(1) in subsection (a)—

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

“(V) an individual who has a consolidation loan under this section and does not have a consolidation loan under section 455(g) may obtain a subsequent consolidation loan under section 455(g).”; and

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

(2) in subsection (b)—

(A) in paragraph (1)(E), by inserting before the semicolon “, and before July 1, 2010” and

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

(3) in subsection (c)(1)—

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

(B) in subparagraph (C), by inserting “and first disbursed before July 1, 2010,” after “1994,”; and
(4) in subsection (e), by striking “September 30, 2014.” and inserting “June 30, 2010. No loan may be made under this section for which the first disbursement would be on or after July 1, 2010.”.

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

SEC. 207. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-INCOME BORROWERS.

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

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

(2) in subsection (b)—

(A) by striking “Any student” and inserting “Prior to July 1, 2010, any student”; and

(B) by inserting “for which the first disbursement is made before such date” after “unsubsidized Federal Stafford Loan”; and

(3) in subsection (h), by inserting “and that are first disbursed before July 1, 2010,” after “July 1, 2006,”.
SEC. 208. LOAN REPAYMENT FOR CIVIL LEGAL ASSISTANCE

ATTORNEYS.

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

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

“(i) subject to clause (ii)—

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

or

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

(2) in clause (ii)—

(A) by striking “428C or 455(g)” and inserting “428C, that is disbursed before July 1, 2010, or section 455(g)”;

and

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

SEC. 209. SPECIAL ALLOWANCES.

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

(1) in subsection (b)(2)(I)—

(A) in the header, by inserting “, AND BEFORE JULY 1, 2010” after “2000”;

(B) in clause (i), by inserting “and before July 1, 2010,” after “2000,”;
(C) in clause (ii)(II), by inserting “and before July 1, 2010,” after “2006,”;

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

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

(F) in clause (v)(I), by inserting “and before July 1, 2010,” after “2006,”; and

(G) in clause (vi)—

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

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

(2) in subsection (c)—

(A) in paragraph (2)(B)—

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

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

(iii) by striking clause (v); and

(B) in paragraph (6), by inserting “and first disbursed before July 1, 2010,” after “1992,”; and
(3) in subsection (d)(2)(B), by inserting ‘‘, and
before July 1, 2010’’ after ‘‘2007’’.

SEC. 210. REVISED SPECIAL ALLOWANCE CALCULATION.

(a) Revised Calculation Rule.—Section 438(b)(2)(I) of the Higher Education Act of 1965 (20 U.S.C. 1087–1(b)(2)(I)) is amended by adding at the end the following new clause:

‘‘(vii) Revised calculation rule to reflect financial market conditions.—

‘‘(I) Calculation based on LIBOR.—For the calendar quarter beginning on January 1, 2010, and each subsequent calendar quarter, in computing the special allowance paid pursuant to this subsection with respect to loans described in subclause (II), clause (i)(I) of this subparagraph shall be applied by substituting ‘of the 1-month London Inter Bank Offered Rate (LIBOR) for United States dollars in effect for each of the days in such quarter as compiled and released by the British Bankers Association’ for ‘of the quotes of the 3-month com-
commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H–15 (or its successor) for such 3-month period’.

“(II) Loans Eligible for LIBOR-Based Calculation.—The special allowance paid pursuant to this subsection shall be calculated as described in subclause (I) with respect to special allowance payments for the 3-month period ending March 31, 2010, and each succeeding 3-month period, on loans for which the first disbursement is made—

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

“(bb) on or after January 1, 2000, and before the date of enactment of the Student Aid and Fiscal Responsibility Act of 2009, if, not later than the last
day of the second full fiscal quarter after the date of enactment of such Act, the holder of the loan affirmatively and permanently waives all contractual, statutory or other legal rights to a special allowance paid pursuant to this subsection that is calculated using the formula in effect at the time the loans were first disbursed.

“(III) Terms of waiver.—A waiver pursuant to subclause (II)(bb) shall—

“(aa) be applicable to all loans described in such subclause that are held, under any lender identification number associated with the holder (pursuant to section 487B), directly or as an eligible lender trustee on behalf of another party; and

“(bb) apply with respect to all future calculations of the special allowance on loans described
in such subclause that are held on the date of such waiver or that are acquired by the holder after such date.

“(IV) PARTICIPANT’S YIELD.—
For the calendar quarter beginning on January 1, 2010, and each subsequent calendar quarter, the Secretary’s participant yield in any loan for which the first disbursement is made on or after January 1, 2000, and before January 1, 2010, and that is held by a lender that has sold any participation interest in such loan to the Secretary shall be determined by using the LIBOR-based rate described in subclause (I) as the substitute rate (for the commercial paper rate) referred to in the participation agreement between the Secretary and such lender.”;

(b) CONFORMING AMENDMENT.—Section 438(b)(2)(I) of such Act (20 U.S.C. 1087–1(b)(2)(I)) is further amended in clause (v)(III) by striking “(iv), and (vi)” and inserting “(iv), (vi), and (vii)”.

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SEC. 211. ORIGINATION OF DIRECT LOANS AT INSTITUTIONS LOCATED OUTSIDE THE UNITED STATES.

(a) Loans for Students Attending Institutions Located Outside the United States.—Section 452 (20 U.S.C. 1087b) is amended by adding at the end the following:

“(d) Institutions Located Outside the United States.—Loan funds for students (and parents of students) attending institutions located outside the United States shall be disbursed through a financial institution located in the United States and designated by the Secretary to serve as the agent of such institutions with respect to the receipt of the disbursements of such loan funds and the transfer of such funds to such institutions. To be eligible to receive funds under this part, an otherwise eligible institution located outside the United States shall make arrangements, subject to regulations by the Secretary, with the agent designated by the Secretary under this subsection to receive funds under this part.”.

(b) Conforming Amendments.—

(1) Amendments.—Section 102 (20 U.S.C. 1002), as amended by section 102 of the Higher Education Opportunity Act (Public Law 110–315) and section 101 of Public Law 111–39, is amended—
(A) by striking “part B” each place it appears and inserting “part D”; 

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

(C) in subsection (a)(2)(A)— 

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

(ii) in clause (iii)— 

(I) in subclause (III), by striking “only Federal Stafford” and all that follows through “section 428B” and inserting “only Federal Direct Stafford Loans under section 455(a)(2)(A), Federal Direct Unsubsidized Stafford Loans under section 455(a)(2)(D), or Federal Direct PLUS Loans under section 455(a)(2)(B)”; and 

(II) in subclause (V), by striking “a Federal Stafford” and all that follows through “section 428B” and inserting “a Federal Direct Stafford Loan under section 455(a)(2)(A), a
Federal Direct Unsubsidized Stafford Loan under section 455(a)(2)(D), or a Federal Direct PLUS Loan under section 455(a)(2)(B)."

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

SEC. 212. AGREEMENTS WITH INSTITUTIONS.

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

(1) in subsection (a), by striking paragraph (4) and redesignating the succeeding paragraphs accordingly; and

(2) in subsection (b)(2), by striking ``(5), (6), and (7)'' and inserting ``(5), and (6)''.

SEC. 213. TERMS AND CONDITIONS OF LOANS.

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

(1) in subsection (a)(1), by inserting ``(and first disbursed on June 30, 2010),'' before ``under sections 428''; and

(2) in subsection (g)—
(A) by inserting “, including any loan made under part B and first disbursed before July 1, 2010” after “section 428C(a)(4)”;

(B) by striking the third sentence.

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

SEC. 214. CONTRACTS.

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

(1) in subsection (a)—

(A) in paragraph (1)—

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

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

“(A) IN GENERAL.—The Secretary; and

(iii) by adding at the end the following:

“(B) AWARDING CONTRACTS FOR SERV- ICING LOANS.—The Secretary shall, if practicable, award multiple contracts, through a competitive bidding process, to entities, includ-
ing eligible not-for-profit servicers, to service loans originated under this part. The competitive bidding process shall take into account price, servicing capacity, and capability, and may take into account the capacity and capability to provide default aversion activities and outreach services.”;

(B) in paragraph (2)—

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

(ii) by amending the third sentence to read as follows: “The entities with which the Secretary may enter into such contracts shall include, where practicable, agencies with agreements with the Secretary under sections 428(b) and (c) on the date of the enactment of the Student Aid and Fiscal Responsibility Act of 2009, and eligible not-for-profit servicers, if such agencies or servicers meet the qualifications as determined by the Secretary under this subsection and if those agencies or servicers have such experience and demonstrated effectiveness.”; and
(iii) by striking the last sentence and inserting the following: “In awarding contracts to such State agencies, and such eligible not-for-profit servicers, the Secretary shall, to the extent practicable and consistent with the purposes of this part, give special consideration to State agencies and such servicers with a history of high quality performance and demonstrated integrity in conducting operations with institutions of higher education and the Secretary.”; and

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

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

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

“(A) IN GENERAL.—Notwithstanding any other provision of this section, in each State where one or more eligible not-for-profit
servicer has its principal place of business, the Secretary shall contract with each such servicer to service loans originated under this part on behalf of borrowers attending institutions located within such State, provided that the servicer demonstrates that it meets the standards for servicing Federal assets and agrees to service the loans at a competitive market rate, as determined by the Secretary. In determining such a competitive market rate, the Secretary may take into account the volume of loans serviced by the servicer. Contracts awarded under this paragraph shall be subject to the same requirements for quality, performance, and accountability as contracts awarded under paragraph (2) for similar activities.

``(B) ALLOCATIONS.—(i) ONE SERVICER.—In the case of a State with only one eligible not-for-profit servicer with a contract described in subparagraph (A), the Secretary shall, at a minimum, allocate to such servicer, on an annual basis, the servicing rights for the lesser of—

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

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

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

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

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

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

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

(2) by adding at the end the following:

“(e) REPORT TO CONGRESS.—Not later than 3 years
after the date of the enactment of the Student Aid and
Fiscal Responsibility Act of 2009, the Secretary shall pre-
pare and submit to the authorizing committees, a report
evaluating the performance of all eligible not-for-profit
servicers awarded a contract under this section to service
loans originated under this part. Such report shall give
consideration to—

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

“(2) compliance with applicable regulations by
the servicers; and
“(3) the effectiveness of default aversion activities, and outreach services (if any), provided by the servicers.

“(d) DEFINITIONS.—In this section:

“(1) DEFAULT AVERSION ACTIVITIES.—The term ‘default aversion activities’ means activities that are directly related to providing collection assistance to the Secretary on a delinquent loan, prior to the loan being legally in a default status, including due diligence activities required pursuant to regulations.

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

“(A) IN GENERAL.—The term ‘eligible not-for-profit servicer’ means an entity that, on the date of enactment of the Student Aid and Fiscal Responsibility Act of 2009—

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

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

“(iii) is an affiliated entity of an eligible not-for-profit servicer described in clause (i) or (ii) that—

“(I) directly employs, or will directly employ (on or before the date the entity begins servicing loans under a contract awarded by the Secretary pursuant to subsection (a)(3)(A)), the majority of individuals who perform student loan servicing functions; and

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

“(B) AFFILIATED ENTITY.—For the purposes of subparagraph (A), the term ‘affiliated entity’ means an entity contracted to perform services for an eligible not-for-profit servicer that—
“(i) is a nonprofit entity; and

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

“(I) a for-profit entity; or

“(II) an entity having its principal place of business in another State.

“(3) OUTREACH SERVICES.—The term ‘outreach services’ means programs offered to students and families, including programs delivered in coordination with institutions of higher education that—

“(A) encourage—

“(i) students to attend and complete a degree or certification program at an institution of higher education; and

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

“(B) deliver financial literacy and counseling tools.”.

SEC. 215. SUBSIDIZED LOAN LIMITATION.

Section 455(a) (20 U.S.C. 1087e(a)) is amended by adding at the end the following new paragraph:

“(3) TERMINATION OF AUTHORITY TO MAKE INTEREST SUBSIDIZED LOANS TO GRADUATE AND
PROFESSIONAL STUDENTS.—Notwithstanding any provision of this part or part B, a graduate or professional student shall not be eligible to receive a subsidized Federal Direct Stafford loan under this part for any period of instruction beginning on or after July 1, 2015.”.

SEC. 216. INTEREST RATES.

Section 455(b)(7) (20 U.S.C. 1087e(b)(7)) is amended by adding at the end the following new subparagraph:

“(E) REDUCED RATES FOR UNDERGRADUATE FDSL ON AND AFTER JULY 1, 2012.—Notwithstanding the preceding paragraphs of this subsection and subparagraph (A) of this paragraph, for Federal Direct Stafford Loans made to undergraduate students for which the first disbursement is made on or after July 1, 2012, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

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

“(ii) 2.3 percent,
except that such rate shall not exceed 6.8 per-
cent.”.

Subtitle B—Perkins Loan Reform

SEC. 221. FEDERAL DIRECT PERKINS LOANS TERMS AND
CONDITIONS.

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

“SEC. 455A. FEDERAL DIRECT PERKINS LOANS.

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

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

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

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

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

SEC. 222. AUTHORIZATION OF APPROPRIATIONS.

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

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

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking “(1) For the purpose”

and inserting “For the purpose”; and

(ii) by striking “and for each of the

five succeeding fiscal years”; and

(B) by striking paragraph (2); and

(3) by striking subsection (e).
SEC. 223. ALLOCATION OF FUNDS.

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

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

(2) in subsection (i)(1), by striking “for any fiscal year,” and inserting “for any fiscal year before fiscal year 2010,”.

SEC. 224. FEDERAL DIRECT PERKINS LOAN ALLOCATION.

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

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

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

“(1) to allocate, among eligible and participating institutions (as such terms are defined in this section), the authority to make Federal Direct Perkins Loans under section 455A with a portion of the annual loan authority described in subsection (b); and

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

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

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

“(A) The Secretary shall allocate not more than ½ of such funds for each award year by allocating to each participating institution an amount equal to the adjusted self-help need amount of the institution, as determined in accordance with subsection (c) for such award year.

“(B) The Secretary shall allocate not more than ¼ of such funds for each award year by allocating to each participating institution an amount equal to the low tuition incentive amount of the institution, as determined in accordance with subsection (d).

“(C) The Secretary shall allocate not more than ¼ of such funds for each award year by
allocating to each participating institution an amount which bears the same ratio to the funds allocated under this subparagraph as the ratio determined in accordance with subsection (e) for the calculation of the Federal Pell Grant and degree recipient amount of the institution.

“(2) NO FUNDS TO NON-PARTICIPATING INSTITUTIONS.—The Secretary shall not make funds available under this subsection to any eligible institution that is not a participating institution. The adjusted self-help need amount (determined in accordance with subsection (c)) of an eligible institution that is not a participating institution shall not be made available to any other institution.

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

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

“(A) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), the adjusted self-help need amount of each eligible institution shall be the institution’s base self-help need amount, which is the sum of—
“(i) the self-help need of the institution’s eligible undergraduate students for such award year; and

“(ii) the self-help need of the institution’s eligible graduate and professional students for such award year.

“(B) UNDERGRADUATE STUDENT SELF-HELP NEED.—To determine the self-help need of an institution’s eligible undergraduate students, the Secretary shall determine the sum of each eligible undergraduate student’s average cost of attendance for the second preceding award year less each such student’s expected family contribution (computed in accordance with part F) for the second preceding award year, except that, for each such eligible undergraduate student, the amount computed by such subtraction shall not be less than zero or more than the lesser of—

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

“(ii) $5,500.

“(C) GRADUATE AND PROFESSIONAL STUDENT SELF-HELP NEED.—To determine the
self-help need of an institution’s eligible graduate and professional students, the Secretary shall determine the sum of each eligible graduate and professional student’s average cost of attendance for the second preceding award year less each such student’s expected family contribution (computed in accordance with part F) for such second preceding award year, except that, for each such eligible graduate and professional student, the amount computed by such subtraction shall not be less than zero or more than $8,000.

“(2) RATABLE REDUCTION ADJUSTMENTS.—If the sum of the base self-help need amounts of all eligible institutions for an award year as determined under paragraph (1) exceeds ½ of the annual loan authority under subsection (b) for such award year, the Secretary shall ratably reduce the base self-help need amounts of all eligible institutions until the sum of such amounts is equal to the amount that is ½ of the annual loan authority under subsection (b).

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

“(4) ADDITIONAL ADJUSTMENTS.—If the Secretary determines that a ratable reduction under paragraph (2) results in the adjusted self-help need amount of any eligible institution being reduced below the minimum amount required under paragraph (3), the Secretary shall—

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

“(B) ratably reduce the adjusted self-help need amounts of all eligible institutions not described in subparagraph (A) until the sum of the adjusted self-help need amounts of all eligible institutions is equal to the amount that is $\frac{1}{2}$ of the annual loan authority under subsection (b).

“(d) LOW TUITION INCENTIVE AMOUNT.—

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

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

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

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

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

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

“(ii) the total amount for the second
preceding award year, if any, by which—
“(I) the tuition and required fees of each such student with such financial need; exceeds

“(II) the average tuition and required fees for the institution’s sector.

“(2) Ratable Reduction.—If the sum of the low tuition incentive amounts of all participating institutions for an award year as determined under paragraph (1) exceeds ¼ of the annual loan authority under subsection (b) for such award year, the Secretary shall ratably reduce the low tuition incentive amounts of all participating institutions until the sum of such amounts is equal to the amount that is ¼ of the annual loan authority under subsection (b).

“(e) Federal Pell Grant and Degree Recipient Amount.—For purposes of subsection (b)(1)(C), the Secretary shall determine the Federal Pell Grant and degree recipient amount for each participating institution for each award year, by calculating for each such institution the ratio of—

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

“(2) the sum of the number of students who, during the most recent year for which data are available, obtained an associate’s degree or other postsecondary degree from each participating institution and, prior to obtaining such degree, received a Federal Pell Grant for attendance at any institution of higher education.

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

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

“(2) AVERAGE COST OF ATTENDANCE.—

“(A) IN GENERAL.—The term ‘average cost of attendance’ means the average of the attendance costs for undergraduate students and for graduate and professional students, respectively, for the second preceding award year which shall include—
“(i) tuition and required fees determined in accordance with subparagraph (B);

“(ii) standard living expenses determined in accordance with subparagraph (C); and

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

“(B) TUITION AND REQUIRED FEES.—The average undergraduate and graduate and professional tuition and required fees described in subparagraph (A)(i) shall be computed on the basis of information reported by the institution to the Secretary, which shall include—

“(i) total revenue received by the institution from undergraduate and graduate and professional students, respectively, for tuition and required fees for the second preceding award year; and

“(ii) the institution’s full-time equivalent enrollment of undergraduate and graduate and professional students, respectively, for such second preceding award year.
“(C) Standard living expenses.—The standard living expense described in subparagraph (A)(ii) is equal to the allowance, determined by an institution, for room and board costs incurred by a student, as computed in accordance with part F for the second preceding award year.

“(D) Books and supplies.—The allowance for books and supplies described in subparagraph (A)(iii) is equal to the allowance, determined by an institution, for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, as computed in accordance with part F for the second preceding award year.

“(3) Average tuition and required fees for the institution’s sector.—The term ‘average tuition and required fees for the institution’s sector’ shall be determined by the Secretary for each of the categories described in section 132(d).

“(4) Eligible institution.—The term ‘eligible institution’ means an institution of higher education that participates in the Federal Direct Stafford Loan Program.
“(5) PARTICIPATING INSTITUTION.—The term ‘participating institution’ means an institution of higher education that has an agreement under section 463(f).

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

SEC. 225. AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

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

(1) in subsection (a)—

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

(B) in paragraph (3)(A), by inserting “before July 1, 2010” after “students”;

(C) in paragraph (4), by striking “thereon—” and all that follows and inserting “thereon, if the institution has failed to maintain an acceptable collection record with respect to such loan, as determined by the Secretary in accordance with criteria established by regulation, the Secretary may require the institution to assign such note or agreement to the Secretary, without recompense;”; and
(D) in paragraph (5), by striking “and the Secretary shall apportion” and all that follows through “in accordance with section 462” and inserting “and the Secretary shall return a portion of funds from loan repayments to the institution as specified in section 466(b)”;

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

“(b) ADMINISTRATIVE EXPENSES.—An institution that has entered into an agreement under subsection (a) shall be entitled, for each fiscal year during which it services student loans from a student loan fund established under such agreement, to a payment in lieu of reimbursement for its expenses in servicing student loans made before July 1, 2010. Such payment shall be equal to 0.50 percent of the outstanding principal and interest balance of such loans being serviced by the institution as of September 30 of each fiscal year.”; and

(3) by adding at the end the following:

“(f) CONTENTS OF AGREEMENTS FOR LOANS MADE ON OR AFTER JULY 1, 2010.—An agreement with any institution of higher education that elects to participate in the Federal Direct Perkins Loan program under section 455A shall provide—
“(1) for the establishment and maintenance of a Direct Perkins Loan program at the institution under which the institution shall use loan authority allocated under section 462A to make loans to eligible students attending the institution;

“(2) that the institution, unless otherwise specified in this subsection, shall operate the program consistent with the requirements of agreements established under section 454;

“(3) that the institution will pay matching funds, quarterly, in an amount agreed to by the institution and the Secretary, to an escrow account approved by the Secretary, for the purpose of providing loan benefits to borrowers;

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

“(5) that if the institution ceases to be an eligible institution within the meaning of section 435(a) by reason of having a cohort default rate that exceeds the threshold percentage specified paragraph
(2) of such section, the Secretary shall suspend or terminate the institution’s eligibility to make Federal Direct Perkins Loans under section 455A unless and until the institution would qualify for a resumption of eligible institution status under such section.”.

(b) Effective Date.—The amendments made by paragraph (2) of subsection (a) shall take effect on October 1, 2010.

SEC. 226. STUDENT LOAN INFORMATION BY ELIGIBLE INSTITUTIONS.

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

(1) in subsection (a), by striking “Each institution” and inserting “For loans made before July 1, 2010, each institution”; and

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

SEC. 227. TERMS OF LOANS.

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

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

(2) in subsection (b)(1), by inserting “made before July 1, 2010,” after “A loan”; and

(3) in subsection (c)—
(A) in paragraph (1), by inserting “made before July 1, 2010,” after “a loan”; 

(B) in paragraph (2)—

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

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

(C) in paragraph (3)(B), by inserting “for a loan made before July 1, 2010,” after “during the repayment period”; 

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

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

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

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

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

(6) by repealing subsection (f);
(7) in subsection (g)(1), by inserting “and before July 1, 2010,” after “January 1, 1986,”;

(8) in subsection (h)—

(A) in paragraph (1)(A) by inserting “before July 1, 2010,” after “made under this part”; and

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

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

SEC. 228. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

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

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

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

“(b) REIMBURSEMENT FOR CANCELLATIONS.—

“(1) ASSIGNED LOANS.—In the case of loans made under this part before July 1, 2010, and that are assigned to the Secretary, the Secretary shall, from amounts repaid each quarter on assigned Perkins Loans made before July 1, 2010, pay to each institution for each quarter an amount equal to—
“(A) the aggregate of the amounts of loans from its student loan fund that are canceled pursuant to this section for such quarter, minus
“(B) an amount equal to the aggregate of the amounts of any such loans so canceled that were made from Federal capital contributions to its student loan fund.
“(2) RETAINED LOANS.—In the case of loans made under this part before July 1, 2010, and that are retained by the institution for servicing, the institution shall deduct from loan repayments owed to the Secretary under section 466, an amount equal to—
“(A) the aggregate of the amounts of loans from its student loan fund that are canceled pursuant to this section for such quarter, minus
“(B) an amount equal to the aggregate of the amounts of any such loans so canceled that were made from Federal capital contributions to its student loan fund.”.
(b) Section 466 (20 U.S.C. 1087ff) is amended to read as follows:
SEC. 466. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

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

“(1) For the quarter beginning July 1, 2010, the Secretary shall first be paid, no later than September 30, 2010, an amount that bears the same ratio to the cash balance in such fund at the close of June 30, 2010, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to—

“(A) the sum of such Federal contributions and the institution’s capital contributions to such fund, less

“(B) an amount equal to—

“(i) the institution’s outstanding administrative costs as calculated under section 463(b),

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

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

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

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

“(B) an amount equal to—

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

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

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

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

“(B) In the event that, prior to the date of en-
actment of the Student Aid and Fiscal Responsi-
bility Act of 2009, an institution made a short-term,
interest-free loan to the institution’s student loan
fund established under this part in anticipation of collections or receipt of Federal capital contributions, and the institution demonstrates to the Secretary, on or before June 30, 2010, that such loan will still be outstanding after June 30, 2010, the Secretary shall subtract the amount of such outstanding loan from the cash balance of the institution’s student loan fund that is used to calculate the amount due to the Secretary under paragraph (1). An adjustment of an amount due to the Secretary under this subparagraph shall be made by the Secretary on a case-by-case basis.

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

“(5) Each institution shall make the quarterly payments to the Secretary described in paragraph (2) until all outstanding Federal Perkins Loans at that institution have been assigned to the Secretary and there are no funds remaining in the institution’s student loan fund.
“(6) In the event that the institution’s administrative costs, charges, and cancellation costs described in paragraph (2) for a quarter exceed the amount owed to the Secretary under paragraphs (1) and (2) for that quarter, no payment shall be due to the Secretary from the institution for that quarter and the Secretary shall pay the institution, from funds realized from the collection of assigned Federal Perkins Loans made before July 1, 2010, an amount that, when combined with the amount retained by the institution under paragraphs (1) and (2), equals the full amount of such administrative costs, charges, and cancellation costs.

“(b) ASSIGNMENT OF OUTSTANDING LOANS.—Beginning July 1, 2010, an institution of higher education may assign all outstanding loans made under this part before July 1, 2010, to the Secretary, consistent with the requirements of section 463(a)(5). In collecting loans so assigned, the Secretary shall pay an institution an amount that constitutes the same fraction of such collections as the fraction of the cash balance that the institution retains under subsection (a)(2), but determining such fraction without regard to subparagraph (B)(i) of such subsection.”.
SEC. 229. ADMINISTRATIVE EXPENSES.

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

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

(2) in the third sentence—

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

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

TITLE III—MODERNIZATION, RENOVATION, AND REPAIR
Subtitle A—Elementary and Secondary Education

SEC. 301. DEFINITIONS.

In this subtitle:

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

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

(3) The term “CHPS Criteria” means the green building rating program developed by the Col-

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


(7) The term “local educational agency”—

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

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

(C) includes the Recovery School District of Louisiana.

(8) The term “outlying area”—

(A) means the United States Virgin Islands, Guam, American Samoa, and the Com-
monwealth of the Northern Mariana Islands;

and

(B) includes the Republic of Palau.

(9) The term “public school facilities” means existing public elementary or secondary school facilities, including public charter school facilities and other existing facilities planned for adaptive reuse as public charter school facilities.

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

(11) The term “State” means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

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

SEC. 311. PURPOSE.

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

SEC. 312. ALLOCATION OF FUNDS.

(a) Reservation.—
(1) IN GENERAL.—From the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(a), the Secretary shall reserve 2 percent of such amount, consistent with the purpose described in section 311—

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

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

(2) USE OF RESERVED FUNDS.—In each fiscal year, the amount reserved under paragraph (1) shall be divided between the uses described in subparagraphs (A) and (B) of such paragraph in the same proportion as the amount reserved under section 1121(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331(a)) is divided between the uses described in paragraphs (1) and (2) of such section 1121(a) in such fiscal year.

(3) DISTRESSED AREAS AND NATURAL DISASTERS.—From the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(a), the Secretary shall reserve 5 percent of such amount for grants to—
(A) local educational agencies serving geographic areas with significant economic distress, to be used consistent with the purpose described in section 311 and the allowable uses of funds described in section 313; and

(B) local educational agencies serving geographic areas recovering from a natural disaster, to be used consistent with the purpose described in section 321 and the allowable uses of funds described in section 323.

(b) Allocation to States.—

(1) State-by-State Allocation.—Of the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(a), and not reserved under subsection (a), each State shall be allocated an amount in proportion to the amount received by all local educational agencies in the State under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) for the previous fiscal year relative to the total amount received by all local educational agencies in every State under such part for such fiscal year.

(2) State Administration.—A State may reserve up to 1 percent of its allocation under para-
graph (1) to carry out its responsibilities under this chapter, which include—

(A) providing technical assistance to local educational agencies;

(B) developing an online, publicly searchable database that includes an inventory of public school facilities in the State, including for each such facility, its design, condition, modernization, renovation and repair needs, utilization, energy use, and carbon footprint; and

(C) creating voluntary guidelines for high-performing school buildings, including guidelines concerning the following:

(i) Site location, storm water management, outdoor surfaces, outdoor lighting, and transportation, including public transit and pedestrian and bicycle accessability.

(ii) Outdoor water systems, landscaping to minimize water use, including elimination of irrigation systems for landscaping, and indoor water use reduction.

(iii) Energy efficiency (including minimum and superior standards, such as for heating, ventilation, and air conditioning
systems), use of alternative energy sources,
commissioning, and training.

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

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

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

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

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

(c) Special Rules.—

(1) Distributions by Secretary.—The Sec-
retary shall make and distribute the reservations
and allocations described in subsections (a) and (b)
not later than 120 days after an appropriation of
funds for this chapter is made.

(2) Distributions by States.—A State shall
make and distribute the allocations described in sub-
section (b)(3) within 60 days of receiving such funds
from the Secretary.

SEC. 313. ALLOWABLE USES OF FUNDS.

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

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

(2) repair, replacement, or installation of heating, ventilation, or air conditioning systems, including insulation, and conducting indoor air quality assessments;

(3) compliance with fire, health, seismic, and safety codes, including professional installation of fire and life safety alarms, and modernizations, renovations, and repairs that ensure that schools are prepared for emergencies, such as improving building infrastructure to accommodate security measures and installing or upgrading technology to ensure that schools are able to respond to emergencies such as acts of terrorism, campus violence, and natural disasters;

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

(5) modifications necessary to make facilities accessible in compliance with the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) and section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794);
(6) abatement, removal, or interim controls of asbestos, polychlorinated biphenyls, mold, mildew, lead-based hazards, including lead-based paint hazards, or a proven carcinogen;

(7) measures designed to reduce or eliminate human exposure to classroom noise and environmental noise pollution;

(8) modernization, renovation, or repair necessary to reduce the consumption of coal, electricity, land, natural gas, oil, or water;

(9) installation or upgrading of educational technology infrastructure;

(10) modernization, renovation, or repair of science and engineering laboratories, libraries, and career and technical education facilities, and improvements to building infrastructure to accommodate bicycle and pedestrian access;

(11) installation or upgrading of renewable energy generation and heating systems, including solar, photovoltaic, wind, biomass (including wood pellet and woody biomass), waste-to-energy, solar-thermal and geothermal systems, and energy audits;

(12) measures designed to reduce or eliminate human exposure to airborne particles such as dust, sand, and pollens;
(13) creating greenhouses, gardens (including trees), and other facilities for environmental, scientific, or other educational purposes, or to produce energy savings;

(14) upgrading or installing recreational structures, including physical education facilities for students, made from post-consumer recovered materials in accordance with the comprehensive procurement guidelines prepared by the Administrator of the Environmental Protection Agency under section 6002(e) of the Solid Waste Disposal Act (42 U.S.C. 6962(e));

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

(A) improve teachers’ ability to teach and students’ ability to learn;

(B) ensure the health and safety of students and staff;

(C) make them more energy efficient; or

(D) reduce class size; and

(16) required environmental remediation related to modernization, renovation, or repair described in paragraphs (1) through (15).
SEC. 314. PRIORITY PROJECTS.

In selecting a project under section 313, a local educational agency may give priority to projects involving the abatement, removal, or interim controls of asbestos, polychlorinated biphenyls, mold, mildew, lead-based hazards, including lead-based paint hazards, or a proven carcinogen.

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

SEC. 321. PURPOSE.

Grants under this chapter shall be for the purpose of modernizing, renovating, repairing, or constructing public school facilities, including, where applicable, early learning facilities, based on the need for such improvements or construction, to ensure safe, healthy, high-performing, and technologically up-to-date public school facilities.

SEC. 322. ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.

(a) IN GENERAL.—Of the amount appropriated to carry out this chapter for each fiscal year pursuant to section 345(b), the Secretary shall allocate to local educational agencies in Louisiana, Mississippi, and Alabama an amount equal to the infrastructure damage inflicted on public school facilities in each such district by Hurricane
Katrina or Hurricane Rita in 2005 relative to the total of such infrastructure damage so inflicted in all such districts, combined.

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

SEC. 323. ALLOWABLE USES OF FUNDS.

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

CHAPTER 3—GENERAL PROVISIONS

SEC. 331. IMPERMISSIBLE USES OF FUNDS.

No funds received under this subtitle may be used for—

(1) payment of maintenance costs;

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

(3) improvement or construction of facilities the purpose of which is not the education of children, including central office administration or operations or logistical support facilities; or
(4) purchasing carbon offsets.

SEC. 332. SUPPLEMENT, NOT SUPPLANT.

A local educational agency receiving a grant under this subtitle shall use such Federal funds only to supplement and not supplant the amount of funds that would, in the absence of such Federal funds, be available for modernization, renovation, repair, and construction of public school facilities.

SEC. 333. PROHIBITION REGARDING STATE AID.

A State shall not take into consideration payments under this subtitle in determining the eligibility of any local educational agency in that State for State aid, or the amount of State aid, with respect to free public education of children.

SEC. 334. MAINTENANCE OF EFFORT.

(a) In General.—A local educational agency may receive a grant under this subtitle for any fiscal year only if either the combined fiscal effort per student or the aggregate expenditures of the agency and the State involved with respect to the provision of free public education by the agency for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

(b) Reduction in Case of Failure To Meet Maintenance of Effort Requirement.—
(1) IN GENERAL.—The State educational agency shall reduce the amount of a local educational agency’s grant in any fiscal year in the exact proportion by which a local educational agency fails to meet the requirement of subsection (a) by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the local agency).

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

c) WAIVER.—The Secretary shall waive the requirements of this section if the Secretary determines that a waiver would be equitable due to—

    (1) exceptional or uncontrollable circumstances, such as a natural disaster; or
    
    (2) a precipitous decline in the financial resources of the local educational agency.

SEC. 335. SPECIAL RULE ON CONTRACTING.

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

SEC. 336. USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS.

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

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

(1) applying subsection (a) would be inconsistent with the public interest;

(2) iron, steel, and the relevant manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or

(3) inclusion of iron, steel, and manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent.

(c) Publication of Justification.—If the Secretary determines that it is necessary to waive the applica-
tion of subsection (a) based on a finding under subsection (b), the Secretary shall publish in the Federal Register a detailed written justification of the determination.

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

SEC. 337. LABOR STANDARDS.

The grant programs under this subtitle are applicable programs (as that term is defined in section 400 of the General Education Provisions Act (20 U.S.C. 1221)) subject to section 439 of such Act (20 U.S.C. 1232b).

SEC. 338. CHARTER SCHOOLS.

(a) IN GENERAL.—A local educational agency receiving an allocation under this subtitle shall reserve an amount of that allocation for charter schools within its jurisdiction for modernization, renovation, repair, and construction of charter school facilities.

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

(1) are enrolled in charter schools; and
(2) the local educational agency, in consultation with the authorized public chartering agency, expects to be enrolled, during the year with respect to which the reservation is made, in charter schools that are scheduled to commence operation during such year.

(c) SCHOOL SHARE.—Individual charter schools shall receive a share of the amount reserved under subsection (a) based on the need of each school for modernization, renovation, repair, or construction, as determined by the local educational agency in consultation with charter school administrators.

(d) EXCESS FUNDS.—After the consultation described in subsection (c), if the local educational agency determines that the amount of funds reserved under subsection (a) exceeds the modernization, renovation, repair, and construction needs of charter schools within the local educational agency’s jurisdiction, the agency may use the excess funds for other public school facility modernization, renovation, repair, or construction consistent with this subtitle and is not required to carry over such funds to the following fiscal year for use for charter schools.

SEC. 339. GREEN SCHOOLS.

(a) IN GENERAL.—In a given fiscal year, a local educational agency shall use not less than the applicable per-
centage (described in subsection (b)) of funds received under this subtitle for public school modernization, renovation, repair, or construction that are certified, verified, or consistent with any applicable provisions of—

(1) the LEED Green Building Rating System;
(2) Energy Star;
(3) the CHPS Criteria;
(4) Green Globes; or
(5) an equivalent program adopted by the State, or another jurisdiction with authority over the local educational agency, that includes a verifiable method to demonstrate compliance with such program.

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

(1) in fiscal year 2010, 50 percent; and
(2) in fiscal year 2011, 75 percent.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to prohibit a local educational agency from using sustainable, domestic hardwood lumber as ascertained through the forest inventory and analysis program of the Forest Service of the Department of Agriculture under the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1641 et seq.)
for public school modernization, renovation, repairs, or
construction.

(d) TECHNICAL ASSISTANCE.—The Secretary, in
consultation with the Secretary of Energy and the Admin-
istrator of the Environmental Protection Agency, shall
provide outreach and technical assistance to States and
local educational agencies concerning the best practices in
school modernization, renovation, repair, and construc-
tion, including those related to student academic achieve-
ment, student and staff health, energy efficiency, and envi-
ronmental protection.

SEC. 340. REPORTING.

(a) REPORTS BY LOCAL EDUCATIONAL AGENCIES.—
Local educational agencies receiving a grant under this
subtitle shall annually compile a report describing the
projects for which such funds were used, including—

(1) the number and identity of public schools in
the agency, including the number of charter schools,
and for each school, the total number of students,
and the number of students from low-income fami-
lies;

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

(3) the number of students impacted by such projects, including the number of students counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6313(a)(5));

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

(5) the number of public schools in the agency that are eligible for schoolwide programs under section 1114 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6314) and the percentage of funds received by the agency under chapter 1 or chapter 2 of this subtitle that were used for projects at such schools;

(6) for each project—

(A) the cost;

(B) the standard described in section 339(a) with which the use of the funds com-
plied or, if the use of funds did not comply with
a standard described in section 339(a), the rea-
son such funds were not able to be used in com-
ppliance with such standards and the agency’s
efforts to use such funds in an environmentally
sound manner; and

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

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

(b) Availability of Reports.—A local educational
agency shall—

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

(2) make the report described in subsection (a)
publicly available, including on the agency’s website.
(c) REPORTS BY SECRETARY.—Not later than December 31 of each fiscal year, the Secretary shall submit to the Committee on Education and Labor of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate, and make available on the Department of Education’s website, a report on grants made under this subtitle, including the information from the reports described in subsection (b)(1).

SEC. 341. SPECIAL RULES.

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

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

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

SEC. 342. PROMOTION OF EMPLOYMENT EXPERIENCES.

The Secretary of Education, in consultation with the Secretary of Labor, shall work with recipients of funds under this subtitle to promote appropriate opportunities to gain employment experience working on modernization, renovation, repair, and construction projects funded under this subtitle for—
(1) participants in a YouthBuild program (as defined in section 173A of the Workforce Investment Act of 1998 (29 U.S.C. 2918a));

(2) individuals enrolled in the Job Corps program carried out under subtitle C of title I of the Workforce Investment Act of 1998 (29 U.S.C. 2881 et seq.); and

(3) individuals enrolled in a junior or community college (as defined in section 312(f) of the Higher Education Act of 1965 (20 U.S.C. 1088(f))) certificate or degree program relating to projects described in section 339(a).

SEC. 343. ADVISORY COUNCIL ON GREEN, HIGH-PERFORMING SCHOOLS.

(a) Establishment of Advisory Council.—The Secretary shall establish an advisory council to be known as the “Advisory Council on Green, High-Performing Schools” (in this section referred to as the “Advisory Council”) which shall be composed of—

(1) appropriate officials from the Department of Education;

(2) representatives of the academic, architectural, business, education, engineering, environmental, labor, and scientific communities; and
(3) such other representatives as the Secretary deems appropriate.

(b) DUTIES OF ADVISORY COUNCIL.—

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

(A) teaching and learning;
(B) health;
(C) energy costs;
(D) environmental impact; and
(E) other areas that the Secretary and the Advisory Council deem appropriate.

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

(A) making recommendations on Federal policies to increase the number of green, high-performing schools;
(B) identifying Federal policies that are barriers to helping States and local educational agencies make green, high-performing schools;
(C) providing technical assistance and outreach to States and local educational agencies under section 339(d); and
(D) providing the Secretary such other assistance as the Secretary deems appropriate.
(c) CONSULTATION.—In carrying out its duties under subsection (b), the Advisory Council shall consult with the Chair of the Council on Environmental Quality and the heads of appropriate Federal agencies, including the Secretary of Commerce, the Secretary of Energy, the Secretary of Health and Human Services, the Secretary of Labor, the Administrator of the Environmental Protection Agency, and the Administrator of the General Services Administration (through the Office of Federal High-Performance Green Buildings).

SEC. 344. EDUCATION REGARDING PROJECTS.

A local educational agency receiving funds under this subtitle may encourage schools at which projects are undertaken with such funds to educate students about the project, including, as appropriate, the functioning of the project and its environmental, energy, sustainability, and other benefits.

SEC. 345. AVAILABILITY OF FUNDS.

(a) CHAPTER 1.—There are authorized to be appropriated, and there are appropriated, to carry out chapter 1 of this subtitle (in addition to any other amounts appropriated to carry out such chapter and out of any money in the Treasury not otherwise appropriated), $2,465,000,000 for each of fiscal years 2010 and 2011.
(b) CHAPTER 2.—There are authorized to be appropriated, and there are appropriated, to carry out chapter 2 of this subtitle (in addition to any other amounts appropriated to carry out such chapter and out of any money in the Treasury not otherwise appropriated), $35,000,000 for each of fiscal years 2010 and 2011.

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

Subtitle B—Higher Education

SEC. 351. FEDERAL ASSISTANCE FOR COMMUNITY COLLEGE MODERNIZATION AND CONSTRUCTION.

(a) IN GENERAL.—

(1) GRANT PROGRAM.—From the amounts made available under subsection (i), the Secretary shall award grants to States for the purposes of constructing new community college facilities and modernizing, renovating, and repairing existing community college facilities. Grants awarded under this section shall be used by a State for one or more of the following:

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

(B) To provide matching funds for a community college capital campaign to attract private donations of funds for new construction, modernization, renovation, or repair projects at the community college.

(C) To capitalize a revolving loan fund to finance new construction, modernization, renovation, and repair projects at community colleges.

(2) Allocation.—

(A) Determination of Available Amount.—The Secretary shall determine the amount available for allocation to each State by determining the amount equal to the total number of students in the State who are enrolled in community colleges and who are pursuing a degree or certificate that is not a bachelor’s, master’s, professional, or other advanced degree, relative to the total number of such students in all States, combined.

(B) Allocation.—The Secretary shall allocate to each State selected by the Secretary to receive a grant under this section an amount
equal to the amount determined to be available for allocation to such State under subparagraph (A), less any portion of that amount that is subject to a limitation under paragraph (3).

(C) REALLOCATION.—Amounts not allocated under this section to a State because—

(i) the State did not submit an application under subsection (b);

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

(iii) the State is subject to a limitation under paragraph (3) that prevents the State from using a portion of the allocation,

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

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

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

(B) to provide matching funds for a com-
munity college capital campaign under para-
graph (1)(B) shall be for an amount that is not
more than 25 percent of the total amount of
the private donations of funds raised through
such campaign over the duration of such cam-
paign, as such duration is determined by the
State in the application submitted under sub-
section (b).

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

(c) USE OF FUNDS BY COMMUNITY COLLEGES.—
(1) PERMISSIBLE USES OF FUNDS.—Funds made available to community colleges through a loan described in subsection (a)(1)(A), a capital campaign described in subsection (a)(1)(B), or a loan from a revolving loan fund described in subsection (a)(1)(C) shall be used only for the construction, modernization, renovation, or repair of community college facilities that are primarily used for instruction, research, or student housing, which may include any of the following:

(A) Repair, replacement, or installation of roofs, including extensive, intensive, or semi-intensive green roofs, electrical wiring, water supply and plumbing systems, sewage systems, storm water runoff systems, lighting systems, building envelope, windows, ceilings, flooring, or doors, including security doors.

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

(C) Compliance with fire, health, seismic, and safety codes, including professional installation of fire and life safety alarms, and modernizations, renovations, and repairs that en-
sure that the community college’s facilities are prepared for emergencies, such as improving building infrastructure to accommodate security measures and installing or upgrading technology to ensure that the community college is able to respond to emergencies such as acts of terrorism, campus violence, and natural disasters.

(D) Retrofitting necessary to increase the energy efficiency of the community college’s facilities.


(F) Abatement, removal, or interim controls of asbestos, polychlorinated biphenyls, mold, mildew, or lead-based hazards, including lead-based paint hazards from the community college’s facilities.

(G) Modernization, renovation, or repair necessary to reduce the consumption of coal, electricity, land, natural gas, oil, or water.
(H) Modernization, renovation, and repair relating to improving science and engineering laboratories, libraries, or instructional facilities.

(I) Installation or upgrading of educational technology infrastructure.

(J) Installation or upgrading of renewable energy generation and heating systems, including solar, photovoltaic, wind, biomass (including wood pellet and woody biomass), waste-to-energy, solar-thermal and geothermal systems, and energy audits.

(K) Other modernization, renovation, or repair projects that are primarily for instruction, research, or student housing.

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

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

(A) the LEED Green Building Rating System;

(B) Energy Star;

(C) the CHPS Criteria, as applicable;

(D) Green Globes; or

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

(3) PROHIBITED USES OF FUNDS.—

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

(i) payment of maintenance costs;

(ii) construction, modernization, renovation, or repair of stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public; or

(iii) construction, modernization, renovation, or repair of facilities—

(I) used for sectarian instruction, religious worship, or a school or department of divinity; or
(II) in which a substantial portion of the functions of the facilities are subsumed in a religious mission.

(B) Four-year Institutions.—No funds awarded to a four-year public institution of higher education under this section may be used for any facility, service, or program of the institution that is not available to students who are pursuing a degree or certificate that is not a bachelor’s, master’s, professional, or other advanced degree.

(d) Application of GEPA.—The grant program authorized in this section is an applicable program (as that term is defined in section 400 of the General Education Provisions Act (20 U.S.C. 1221)) subject to section 439 of such Act (20 U.S.C. 1232b). The Secretary shall, notwithstanding section 437 of such Act (20 U.S.C. 1232) and section 553 of title 5, United States Code, establish such program rules as may be necessary to implement such grant program by notice in the Federal Register.

(e) Concurrent Funding.—Funds made available under this section shall not be used to assist any community college that receives funding for the construction, modernization, renovation, and repair of facilities under any other program under this Act, the Higher Education

(f) REPORTS BY THE STATES.—Each State that receives a grant under this section shall, not later than September 30, 2012, and annually thereafter for each fiscal year in which the State expends funds received under this section, submit to the Secretary a report that includes—

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

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

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

(g) REPORT BY THE SECRETARY.—The Secretary shall submit to the authorizing committees (as defined in section 103 of the Higher Education Act of 1965) an annual report on the grants made under this section, including the information described in subsection (f).

(h) DEFINITIONS.—

(1) COMMUNITY COLLEGE.—As used in this section, the term “community college” means—
(A) a junior or community college, as such term is defined in section 312(f) of the Higher Education Act of 1965 (20 U.S.C. 1085(f)); or

(B) a four-year public institution of higher education (as defined in section 101 of the Higher Education Act of 1965) that awards a significant number of degrees and certificates that are not—

(i) bachelor’s degrees (or an equivalent); or

(ii) master’s, professional, or other advanced degrees.

(2) CHPS CRITERIA.—The term “CHPS Criteria” means the green building rating program developed by the Collaborative for High Performance Schools.


(4) GREEN GLOBES.—The term “Green Globes” means the Green Building Initiative environmental design and rating system referred to as Green Globes.

(6) SECRETARY.—The term “Secretary” means the Secretary of Education.

(i) AVAILABILITY OF FUNDS.—There are authorized to be appropriated, and there are appropriated, to carry out this section (in addition to any other amounts appropriated to carry out this section and out of any money in the Treasury not otherwise appropriated), $2,500,000,000 for fiscal year 2011, which shall remain available until expended.

TITLE IV—EARLY LEARNING CHALLENGE FUND

SEC. 401. PURPOSE.

The purpose of this title is to provide grants on a competitive basis to States for the following:

(1) To promote standards reform of State early learning programs serving children from birth to age 5 in order to support the healthy development and improve the school readiness outcomes of young children.
(2) To establish a high standard of quality that integrates appropriate early learning and development standards across early learning settings.

(3) To fund and implement quality initiatives that improve the skills and effectiveness of early learning providers, and improve the quality of existing early learning programs, in order to increase the number of disadvantaged children who participate in comprehensive and high-quality early learning programs.

(4) To ensure that a greater number of disadvantaged children enter kindergarten with the cognitive, social, emotional, and physical skills and abilities needed to be successful in school.

(5) To increase parent’s ability to access comprehensive and high quality early learning programs across settings for their children.

SEC. 402. PROGRAMS AUTHORIZED.

(a) QUALITY PATHWAYS GRANTS.—The Secretary shall use funds made available to carry out this title for a fiscal year to award grants on a competitive basis to States in accordance with section 403.

(b) DEVELOPMENT GRANTS.—The Secretary shall use funds made available to carry out this title for a fiscal year to award grants in accordance with section 404 on
a competitive basis to States that demonstrate a commitment to establishing a system of early learning that will include the components described in section 403(c)(3) but are not—

(1) eligible to be awarded a grant under subsection (a); or

(2) are not awarded such a grant after application.

(e) Reservations of Federal Funds.—

(1) Research, evaluation, and administration.—From the amount made available to carry out this title for a fiscal year, the Secretary—

(A) shall reserve 2 percent jointly to administer this title with the Secretary of Health and Human Services; and

(B) shall reserve 3 percent to carry out activities under section 405.

(2) Tribal school readiness planning demonstration.—After making the reservations under paragraph (1), the Secretary shall reserve 0.25 percent for a competitive grant program for Indian tribes to develop and implement school readiness plans that—
(A) are coordinated with local educational agencies serving children who are members of the tribe; and

(B) include American Indian and Alaska Native Head Start and Early Head Start programs, tribal child care programs, Indian Health Service programs, and other tribal programs serving children.

(3) QUALITY PATHWAYS GRANTS.—

(A) IN GENERAL.—From the amount made available to carry out this title for a fiscal year and not reserved under paragraph (1) or (2), the Secretary shall reserve a percent (which shall be not greater than 65 percent for fiscal years 2010 through 2012 and not greater than 85 percent for fiscal year 2013 and each succeeding fiscal year) determined under subparagraph (B) to carry out subsection (a).

(B) DETERMINATION OF AMOUNT.—In determining the amount to reserve under subparagraph (A), the Secretary shall take into account the following:

(i) The total number of States with approved applications under this title for the year.
(ii) The number of low-income children under age 5 in each State with an approved application under section 403 for the year.

(C) REALLOCATION.—For fiscal year 2013 and subsequent fiscal years, the Secretary may reallocate funds allocated for development grants under subsection (b) for the purpose of providing additional grants under subsection (a), if the Secretary determines that there are insufficient applications for a grant under subsection (b).

(d) STATE APPLICATIONS.—In applying for a grant under this title, a State—

(1) shall designate a State-level entity for administration of the grant;

(2) shall coordinate proposed activities with the State Advisory Council on Early Childhood Education and Care (established pursuant to section 642B(b)(1)(A) of the Head Start Act (42 U.S.C. 9837b(b)(1)(A))) and shall incorporate plans and recommendations from such Council in the application, where applicable; and

(3) otherwise shall submit the application to the Secretary at such time, in such manner, and con-
taining such information as the Secretary may rea-
sonably require.

(c) PRIORITY IN AWARDING GRANTS.—In awarding
grants under this title, the Secretary shall give priority
to States—

(1) whose applications contain assurances that
the State will use, in part, funds reserved under sec-
tion 658G of the Child Care and Development Block
Grant Act of 1990 (42 U.S.C. 9858e) for activities
described in section 403(f);

(2) that dedicate a significant increase, in com-
parison to recent fiscal years, in State expenditures
on early learning programs and services; and

(3) that demonstrate efforts to build public-pri-
vate partnerships designed to accomplish the pur-
poses of this title.

(f) MAINTENANCE OF EFFORT.—

(1) In general.—With respect to each period
for which a State is awarded a grant under this
title, the aggregate expenditures by the State and its
political subdivisions on early learning programs and
services shall be not less than the level of the ex-
penditures for such programs and services by the
State and its political subdivisions for fiscal year
2009.
(2) STATE EXPENDITURES.—For purposes of paragraph (1), expenditures by the State on early learning programs and services shall include, at a minimum, the following:

(A) State matching and maintenance of effort funds for the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.).

(B) State matching funds for the State Advisory Council on Early Childhood Education and Care (established pursuant to section 642B(b)(1)(A) of the Head Start Act (42 U.S.C. 9837b(b)(1)(A))).

(C) State expenditures on public pre-kindergarten, Head Start (including Early Head Start), and other State early learning programs and services dedicated to children (including State expenditures under part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.)).

(g) PROHIBITIONS ON USE OF FUNDS.—Funds under this title may not be used for any of the following:

(1) Assessments that provide rewards or sanctions for individual children or teachers.
(2) A single assessment used as the primary or sole method for assessing program effectiveness.

(3) Evaluating children other than for—

(A) improving instruction or classroom environment;

(B) targeting professional development;

(C) determining the need for health, mental health, disability, or family support services;

(D) informing the quality improvement process at the State level;

(E) program evaluation for the purposes of program improvement and parent information;

or

(F) research conducted as part of the national evaluation required by section 405(2).

(h) FEDERAL ADMINISTRATION.—

(1) IN GENERAL.—With respect to this title, the Secretary shall bear responsibility for obligating and disbursing funds and ensuring compliance with applicable laws and administrative requirements, subject to paragraph (2).

(2) INTERAGENCY AGREEMENT.—The Secretary of Education and the Secretary of Health and Human Services shall jointly administer this title on
such terms as such secretaries shall set forth in an
interagency agreement.

SEC. 403. QUALITY PATHWAYS GRANTS.

(a) GRANT PERIOD.—Grants under section 402(a)—
(1) may be awarded for a period not to exceed
5 years; and
(2) may be renewed, subject to approval by the
Secretary, and based on the State’s progress in—
(A) increasing the number of disadvan-
taged children who participate in high-quality
ey learning programs;
(B) implementing an early learning system
that meets the components described in sub-
section (c)(3); and
(C) incorporating the program quality
findings and recommendations reported by the
commission established under section 405(1)
into the State system of early learning.

(b) MATCHING REQUIREMENT.—
(1) IN GENERAL.—Subject to subsection (g), to
be eligible to receive a grant under section 402(a),
a State shall contribute to the activities assisted
under the grant non-Federal matching funds in an
amount equal to not less than the applicable percent
of the amount of the grant.
(2) Applicable Percent.—For purposes of paragraph (1), the applicable percent means—

(A) 10 percent in the first fiscal year of the grant;

(B) 10 percent in the second fiscal year of the grant;

(C) 15 percent in the third fiscal year of the grant; and

(D) 20 percent in the fourth fiscal year of the grant and subsequent fiscal years.

(3) Private Contributions.—Private contributions made as part of public-private partnerships to increase the number of low-income children in high-quality early learning programs in a State may be used by the State to satisfy the requirement of paragraph (1).

(4) Financial Hardship Waiver.—The Secretary may waive or reduce the non-Federal share of a State that has submitted an application for a grant under section 402(a) if the State demonstrates a need for such waiver or reduction due to extreme financial hardship, as defined by the Secretary by regulation.
(c) State Applications.—In order to receive a grant under section 402(a), a State’s application under section 402(d) shall include the following:

1. A description of how the State will use the grant to implement quality initiatives to improve early learning programs serving disadvantaged children from birth to age 5 to lead to a greater percentage of such children participating in higher quality early learning programs.

2. A description of the goals and benchmarks the State will establish to lead to a greater number or percentage of disadvantaged children participating in higher quality early learning programs to improve school readiness outcomes, including an established baseline of the number of disadvantaged children in high-quality early learning programs.

3. A description of how the State will implement a governance structure and a system of early learning programs and services that includes the following components:

   (A) State early learning and development standards that include social and emotional, cognitive, and physical development domains, and approaches to learning that are developmentally appropriate for all children and are
aligned with academic content standards for grades kindergarten through 3.

(B) A process to ensure that State early learning and development standards are integrated into the instructional and programmatic practices of early learning programs and services, including services provided to children under section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.).

(C) A program rating system that builds on licensing requirements and other State regulatory standards and that—

(i) is designed to improve quality and effectiveness across different types of early learning settings;

(ii) integrates evidence-based program quality standards that reflect standard levels of quality and has progressively higher levels of program quality;

(iii) integrates the State’s early learning and development standards for the purpose of improving instructional and programmatic practices;
(iv) addresses staff qualifications and professional development;

(v) provides financial incentives and other supports to help programs meet and sustain higher levels of quality;

(vi) includes mechanisms for evaluating how programs are meeting those standards and progressively higher levels of quality; and

(vii) includes a mechanism for public awareness of program levels.

(D) A system of program review and monitoring that is designed to rate providers using the system described in subparagraph (C) and to assess and improve programmatic practices, instructional practices, and classroom environment.

(E) A process to support early learning programs integrating instructional and programmatic practices that—

(i) include developmentally appropriate, ongoing, classroom-based instructional assessments for each domain of child development and learning to guide and im-
prove instructional practice, professional
development of staff, and services; and

(ii) are aligned with the curricula used
in the early learning program and with the
State early learning and development
standards or the Head Start Child Out-
comes Framework (as described in the
Head Start Act), as applicable.

(F) Minimum preservice early childhood
development and education training require-
ments for providers in early learning programs.

(G) A comprehensive plan for supporting
the professional preparation and the ongoing
professional development of an effective, well-
compensated early learning workforce, which
plan includes training and education that is
sustained, intensive, and classroom-focused and
leads toward a credential or degree and is tied
to improved compensation.

(H) An outreach strategy to promote un-
derstanding by parents and families of—

(i) their child’s early development and
learning;
(ii) the State’s program rating system, as described in subparagraph (C); and

(iii) the rating of the program in which their child is enrolled.

(I) A coordinated system to facilitate screening, referral, and provision of services related to health, mental health, disability, and family support for children participating in early learning programs.

(J) A process for evaluating school readiness in children that reflects all of the major domains of development, and that is used to guide practice and improve early learning programs.

(K) A coordinated data infrastructure that facilitates—

(i) uniform data collection about the quality of early learning programs, essential information about the children and families that participate in such programs, and the qualifications and compensation of the early learning workforce in such programs; and
(ii) alignment and interoperability between the data system for early learning programs for children and data systems for elementary and secondary education.

(4) A description of how the funds provided under the grant will be targeted to prioritize increasing the number and percentage of low-income children in high-quality early learning programs, including children—

(A) in each age group (infants, toddlers, and preschoolers);

(B) with developmental delays and disabilities;

(C) with limited English proficiency; and

(D) living in rural areas.

(5) An assurance that the grant will be used to improve the quality of early learning programs across a range of types of settings and providers of such programs.

(6) A description of the steps the State will take to encourage center-based child care programs, family child care programs, State-funded prekindergarten, Head Start programs, and other early learning programs, such as those funded under title I of the Elementary and Secondary Education Act of
1965 (20 U.S.C. 6301 et seq.) or section 619 of the
Individuals with Disabilities Education Act (20
U.S.C. 1419) to participate in the State program
rating system described in paragraph (3)(C).

(7) An assurance that the grant will be used
only to supplement, and not to supplant, Federal,
State, and local funds otherwise available to support
existing early learning programs and services.

(8) A description of any disparity by age group
( Infants, toddlers, and preschoolers) of available
high-quality early learning programs in low-income
communities and the steps the State will take to de-
crease such disparity, if applicable.

(9) A description of how the State early learn-
ing and development standards will be appropriate
for children who are limited English proficient.

(10) A description of how the State will coordi-
nate the purposes of this title with the activities
funded under—

(A) section 658G of the Child Care and
Development Block Grant Act of 1990 (42
U.S.C. 9858e);

(B) section 619 and part C of the Individ-
uals with Disabilities Education Act (20 U.S.C.
1419, 1431 et seq.);
(C) title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.);

(D) State-funded pre-kindergarten programs (where applicable);

(E) Head Start programs; and

(F) other early childhood programs and services.

(11) A description of how the State will use the grant to increase the number of disadvantaged children in high-quality early learning settings proportionally across infants, toddlers, and preschoolers.

(12) An assurance that the State will continue to participate in part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.) for the duration of the grant.

(d) CRITERIA USED IN AWARDING GRANTS.—In awarding grants under section 402(a), the Secretary shall evaluate the applications, and award grants under such section on a competitive basis, based on—

(1) compliance with section 402(d) and subsection (c);

(2) the priority factors described in section 402(e);
(3) evidence of significant progress in establishing a system of early learning for children that includes the components described in subsection (c)(3); and

(4) the State’s capacity to fully complete implementation of such a system.

(e) CRITERION USED IN DETERMINING AMOUNT OF AWARD.—In determining the amount to award a State under section 402(a), the Secretary shall take into account—

(1) the number of low-income children under age 5 in the State; and

(2) the State plan and capacity to implement the criteria described in paragraphs (3) and (4) of subsection (d).

(f) STATE USES OF FUNDS.—

(1) IN GENERAL.—A State receiving a grant under section 402(a) shall use the grant as follows:

(A) Not less than 65 percent of the grant amount shall be used to implement quality initiatives that increase the number of disadvantaged children in high-quality early learning programs. Such funds shall be used for two or more of the following activities:
(i) Initiatives that improve the credentials of early learning providers and are tied to compensation.

(ii) Initiatives that help early learning programs meet and sustain higher program quality standards, such as—

(I) improving teacher-child ratios;

(II) improving group size;

(III) improving the qualifications of early learning providers; and

(IV) supporting effective education and training for early learning providers.

(iii) Implementing classroom observation assessments and data-driven decisions tied to activities that improve instructional practices, programmatic practices, or classroom environment and promote school readiness.

(iv) Providing financial incentives to early learning programs—

(I) for undertaking quality improvements that promote healthy development and school readiness; and
(II) maintaining quality improvements that promote healthy development and school readiness.

(v) Integrating State early learning and development standards into instructional and programmatic practices in early learning programs.

(vi) Providing high-quality, sustained, intensive, and classroom-focused professional development that improves the knowledge and skills of early learning providers.

(vii) Building the capacity of early learning programs and communities to promote understanding of the State’s early learning system and the rating of the program in which their child is enrolled and encourage the active involvement and engagement of parents and families in the learning and development of their children.

(viii) Building the capacity of early learning programs and communities to facilitate screening, referral, and provision of services related to health, mental health,
disability, and family support for children participating in early learning programs.

(ix) Other innovative activities, proposed by the State and approved in advance by the Secretary that are—

(I) based on successful practices;

(II) designed to improve the quality of early learning programs and services; and

(III) advance the system components described in subsection (c)(3).

(B) The remainder of the grant amount may be used for one or more of the following:

(i) Implementation or enhancement of the State’s data system, including interoperability across agencies serving children, and unique child and program identifiers.

(ii) Enhancement of the State’s oversight system for early learning programs, including the implementation of a quality rating system.

(iii) The development and implementation of measures of school readiness of children that reflect all of the major do-
mains of child development and that inform the quality improvement process.

(2) PRIORITY.—A State receiving a grant under section 402(a) shall use the grant so as to prioritize improving the quality of early learning programs serving low-income children.

(g) SPECIAL RULE.—

(1) IN GENERAL.—Beginning with the second fiscal year of a grant under section 402(a), a State with respect to which the Secretary certifies that the State has made sufficient progress in implementing the requirements of the grant may apply to the Secretary to reserve up to 25 percent of the amount of the grant to expand access for low-income children to the highest quality early learning programs that offer full-day services, except that the State must agree to contribute for such purpose non-Federal matching funds in an amount equal to not less than 50 percent of the amount reserved under this subsection. One-half of such non-Federal matching funds may be provided by a private entity.

(2) FINANCIAL HARDSHIP WAIVER.—The Secretary may waive or reduce the non-Federal share of a State under paragraph (1) if the State demonstrates a need for such waiver or reduction due to
extreme financial hardship, as defined by the Secretary by regulation.

(h) IMPROVEMENT PLAN.—If the Secretary determines that a State receiving a grant under section 402(a) is encountering barriers to reaching goals described in subsection (c)(2), the State shall develop a plan for improvement in consultation with, and subject to approval by, the Secretary.

SEC. 404. DEVELOPMENT GRANTS.

(a) GRANT PERIOD.—Grants under section 402(b) may be awarded for a period not to exceed 3 years, and may not be renewed.

(b) STATE USES OF FUNDS.—

   (1) IN GENERAL.—A State receiving a grant under section 402(b) shall use the grant to undertake activities to develop the components of an early learning programs and services system described in section 403(c)(3) and that will allow a State to become eligible and competitive for a grant described in section 402(a).

   (2) PRIORITY.—A State receiving a grant under section 402(b) shall use the grant so as to prioritize improving the quality of early learning programs serving low-income children.

   (c) MATCHING REQUIREMENT.—
(1) **In General.**—To be eligible to receive a grant under section 402(b), a State shall contribute to the activities assisted under the grant non-Federal matching funds in an amount equal to not less than the applicable percent of the amount of the grant.

(2) **Applicable Percent.**—For purposes of paragraph (1), the applicable percent means—

(A) 20 percent in the first fiscal year of the grant;

(B) 25 percent in the second fiscal year of the grant; and

(C) 30 percent in the third fiscal year of the grant.

(3) **Private Contributions.**—Private contributions made as part of public-private partnerships to increase the number of low-income children in high-quality early learning programs in a State may be used by the State to satisfy the requirement of paragraph (1).

(4) **Financial Hardship Waiver.**—The Secretary may waive or reduce the non-Federal share of a State that has submitted an application for a grant under section 402(b) if the State demonstrates a need for such waiver or reduction due to extreme
financial hardship, as defined by the Secretary by regulation.

SEC. 405. RESEARCH AND EVALUATION.

From funds reserved under section 402(c)(1), the Secretary of Education and the Secretary of Health and Human Services, acting jointly, shall carry out the following activities:

(1) Establishing a national commission whose duties shall include—

(A) reviewing the status of State and Federal early learning program quality standards and early learning and development standards;

(B) recommending benchmarks for program quality standards and early learning and development standards; and

(C) reporting to the Secretaries of Education and Health and Human Services not later than 3 years after the date of the enactment of this Act on the commission’s findings and recommendations.

(2) Conducting a national evaluation of the grants made under this title through the Institute of Education Science in collaboration with the appropriate research divisions within the Department of Health and Human Services.
(3) Supporting a research collaborative among the Institute of Education Sciences, the National Institute of Child Health and Human Development, the Office of Planning, Research, and Evaluation within the Administration for Children and Families in the Department of Health and Human Services, and other appropriate Federal entities to support research on early learning that can inform improved State standards and licensing requirements and improved child outcomes, which collaborative shall—

(A) biennially prepare and publish for public comment a detailed research plan;

(B) support early learning research activities that could include determining—

(i) the characteristics of early learning programs that produce positive developmental outcomes for children;

(ii) the effects of program quality standards on child outcomes;

(iii) the relationships between specific interventions and types of child and family outcomes;

(iv) the effectiveness of early learning provider training in raising program quality and improving child outcomes; and
(v) the effectiveness of professional development strategies in raising program quality and improving child outcomes; and

(C) disseminate relevant research findings and best practices.

SEC. 406. REPORTING REQUIREMENTS.

(a) REPORTS TO CONGRESS.—For each year in which funding is provided under this title, the Secretary shall submit an annual report to the Congress on the activities carried out under this title, including, at a minimum, information on the following:

(1) The activities undertaken by States to increase the availability of high-quality early learning programs.

(2) The number of children in high-quality early learning programs, and the change from the prior year, disaggregated by State, age, and race.

(3) The number of early learning providers enrolled, with assistance from funds under this title, in a program to obtain a credential or degree in early childhood education and the settings in which such providers work.

(4) A summary of State progress in implementing a system of early learning with the components described in section 403(c)(3).
(5) A summary of the research activities being conducted under section 405 and the findings of such research.

(b) Reports to Secretary.—Each State that receives a grant under this title shall submit to the Secretary an annual report that includes, at a minimum, information on the activities carried out by the State under this title, including the following:

(1) The progress on fully implementing and integrating into a system of early learning each of the components described in section 403(e)(3).

(2) The State’s progress in meeting its goals for increasing the number of disadvantaged children participating in high-quality early learning programs, disaggregated by child age.

(3) The number and percentage of disadvantaged children participating in early learning programs at each level of quality, disaggregated by race, family income, child age, disability, and limited English proficiency status.

(4) The number of providers participating in the State quality rating system, disaggregated by setting, rating, and the number of high-quality providers available in low-income communities.
(5) Information on how the funds provided under this title were used to increase the availability of high-quality early learning programs for each age group.

(6) Information on professional development and training expenditures, including—

(A) the number of early learning providers engaged in such activities; and

(B) the number of early learning providers enrolled in programs to obtain a credential or degree in early childhood education, disaggregated by the type of credential and degree.

(7) The change in the number and percentage of early learning providers with appropriate credential or degrees in early childhood education in comparison to the prior fiscal year, disaggregated by early learning setting.

(8) In the case of a State receiving a grant under section 402(a), the percentage of children receiving assistance under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) who participate in the highest quality early learning programs, disaggregated by program setting and child age.
SEC. 407. CONSTRUCTION.

Nothing in this title—

(1) shall be construed to require a child to par-

(2) shall be used to deny entry to kindergarten

for any individual if the individual is legally eligible,
as defined by State or local law.

SEC. 408. DEFINITIONS.

For purposes of this title:

(1) CHILD.—The term “child” refers to an in-
dividual from birth through the day the individual
enters kindergarten.

(2) DISADVANTAGED.—The term “disadvan-
taged”, when used with respect to a child, means a
child whose family income is described in section
658P(4)(B) of the Child Care and Development
Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)).

(3) INDIAN TRIBE.—The term “Indian tribe”
means any tribe, band, nation, pueblo, or other orga-
nized group or community of Indians, including any
Native village described in section 3(c) of the Alaska
Native Claims Settlement Act (43 U.S.C. 1602(c))
or established pursuant to such Act (43 U.S.C. 1601
et seq.), that is recognized as eligible for the special
programs and services provided by the United States
to Indians because of their status as Indians.
(4) LIMITED ENGLISH PROFICIENT.—The term “limited English proficient” has the meaning given such term in section 637 of the Head Start Act (42 U.S.C. 9832).

(5) SECRETARY.—The term “Secretary” means the Secretary of Education.

(6) STATE.—The term “State” has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

SEC. 409. AVAILABILITY OF FUNDS.

There are authorized to be appropriated, and there are appropriated, to carry out this title (in addition to any other amounts appropriated to carry out this title and out of any money in the Treasury not otherwise appropriated) $1,000,000,000 for each of fiscal years 2010 through 2019.

TITLE V—COMMUNITY COLLEGE INITIATIVE

SEC. 501. AUTHORIZATION AND APPROPRIATION.

(a) Authorization and Appropriation.—There are authorized to be appropriated, and there are appropriated, to carry out this title (in addition to any other amounts appropriated to carry out this title and out of any money in the Treasury not otherwise appropriated),
$730,000,000 for each of the fiscal years 2010 through 2013, and $680,000,000 for each of the fiscal years 2014 through 2019.

(b) ALLOCATIONS.—Of the amount appropriated under subsection (a)—

(1) $630,000,000 shall be made available for each of the fiscal years 2010 through 2013 to carry out section 503;

(2) $630,000,000 shall be made available for each of the fiscal years 2014 through 2019 to carry out section 504;

(3) $50,000,000 shall be made available for each of the fiscal years 2010 through 2019 to carry out subsection (a) of section 505; and

(4) $50,000,000 shall be made available for each of the fiscal years 2010 through 2013 to carry out subsections (b) and (c) of section 505.

SEC. 502. DEFINITIONS.

In this title:

(1) AREA CAREER AND TECHNICAL EDUCATION SCHOOL.—The term “area career and technical education school” has the meaning given such term in section 3 of the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2302).
(2) ELIGIBLE ENTITY.—The term “eligible entity” means—

(A) a junior or community college or community college district;

(B) an area career and technical education school;

(C) a public four-year institution of higher education that offers two-year degrees;

(D) a public four-year institution of higher education that is in partnership with an eligible entity described in subparagraph (A), (B), or (C);

(E) a State that—

(i) is in compliance with section 137 of the Higher Education Act of 1965 (20 U.S.C. 1015f);

(ii) has an articulation agreement pursuant to section 486A of such Act (20 U.S.C. 1093a); and

(iii) is in partnership with an eligible entity described in subparagraph (A), (B), (C), or (D); or

(F) a consortium of at least 2 entities described in subparagraphs (A) through (E).
(3) INSTITUTION OF HIGHER EDUCATION.—The term “institution of higher education” has the meaning given such term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).

(4) JUNIOR OR COMMUNITY COLLEGE.—The term “junior or community college” has the meaning given such term in section 312(f) of the Higher Education Act of 1965 (20 U.S.C. 1058(f)).

(5) PHILANTHROPIC ORGANIZATION.—The term “philanthropic organization” has the meaning given such term in section 781 of the Higher Education Act of 1965 (20 U.S.C. 1141).

(6) SECRETARY.—The term “Secretary” means the Secretary of Education.

(7) STATE.—The term “State” has the meaning given such term in section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003).

(8) STATE PUBLIC EMPLOYMENT SERVICE.—The term “State public employment service” refers to a State public employment service established under the Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(9) STATE WORKFORCE INVESTMENT BOARD; LOCAL WORKFORCE INVESTMENT BOARD.—The terms “State workforce investment board” and
“local workforce investment board” refer to a State workforce investment board established under section 111 of the Workforce Investment Act (20 U.S.C. 2821) and a local workforce investment board established under section 117 of such Act (20 U.S.C. 2832), respectively.

(10) SUPPORTIVE SERVICES.—The term “supportive services” has the meaning given such term in section 101(46) of the Workforce Investment Act of 1998 (20 U.S.C. 2801(46)).

SEC. 503. GRANTS TO ELIGIBLE ENTITIES FOR COMMUNITY COLLEGE REFORM.

(a) PROGRAM AUTHORIZATION.—

(1) GRANTS AUTHORIZED.—

(A) IN GENERAL.—Subject to paragraph (2), from the amount appropriated to carry out this section, the Secretary, in coordination with the Secretary of Labor, shall award grants to eligible entities, on a competitive basis, to establish and support programs described in subparagraph (B) at eligible entities described in subparagraphs (A) through (D) of section 502(2).

(B) PROGRAMS.—The programs to be established and supported with grants under sub-
paragraph (A) (and carried out through activities described in subsection (f)) shall be programs—

(i) that are—

(I) innovative programs; or

(II) programs of demonstrated effectiveness, based on the evaluations of similar programs funded by the Department of Education or the Department of Labor, or other research of similar programs; and

(ii) that lead to the completion of a postsecondary degree, certificate, or industry-recognized credential leading to a skilled occupation in a high-demand industry.

(2) LIMITATION.—For each fiscal year for which funds are appropriated to carry out this section, the aggregate amount of the grants awarded to eligible entities that are States, or consortia that include a State, shall be not more than 50 percent of the total amount appropriated under section 501(b)(1) for such fiscal year.

(3) INTERAGENCY AGREEMENT.—The Secretary and the Secretary of Labor shall jointly administer
this section on such terms as such Secretaries shall set forth in an interagency agreement. Such agreement shall ensure compliance with applicable law and administrative requirements.

(4) Prohibition.—The Secretary shall not award a grant to an eligible entity for the same activities that are being fully supported by other Federal funds.

(b) Grant Duration and Amount.—

(1) Duration.—A grant under this section shall be awarded to an eligible entity for a 4-year period, except that if the Secretary determines that the eligible entity has not made demonstrable progress in achieving the benchmarks developed pursuant to subsection (g) by the third year of such grant period, no further grant funds shall be made available to the entity after the date of such determination.

(2) Amount.—The minimum amount of a grant award under this section shall be $1,000,000.

(c) Priority.—In awarding grants under this section, the Secretary shall give priority to eligible entities that enter into partnerships with—

(1) philanthropic or research organizations with expertise in meeting the goals of this section; or

(2) businesses that—
(A) design and implement programs described in subsection (a)(1)(B);

(B) pay a portion of the costs of such programs; and

(C) agree to collaborate with one or more eligible entities to hire individuals who have completed a particular postsecondary degree, certificate, or credential program.

(d) FEDERAL AND NON-FEDERAL SHARE; SUPPLEMENT, NOT SUPPLANT.—

(1) FEDERAL SHARE.—The amount of the Federal share under this section for a fiscal year shall be not greater than \( \frac{1}{2} \) of the costs of the programs, services, and policies described in subsection (f) that are carried out under the grant.

(2) NON-FEDERAL SHARE.—

(A) IN GENERAL.—The amount of the non-Federal share under this section for a fiscal year shall be not less than \( \frac{1}{2} \) of the costs of the programs, services, and policies described in subsection (f) that are carried out under the grant. The non-Federal share may be in cash or in kind, and may be provided from State resources, local resources, contributions from private organizations, or a combination thereof.
(B) Financial hardship waiver.—The Secretary may waive or reduce the non-Federal share of an eligible entity that has submitted an application under this section if the entity demonstrates a need for such waiver or reduction due to extreme financial hardship, as defined by the Secretary by regulation.

(3) Supplement, not supplant.—The Federal and non-Federal shares required by this section shall be used to supplement, and not supplant, State and private resources that would otherwise be expended to establish and support programs described in subsection (a)(1)(B) at eligible entities.

(e) Application.—An eligible entity seeking to receive a grant under this section shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require. Such application shall describe the programs under subsection (a)(1)(B) that the eligible entity will carry out using the grant funds, (including the programs, services, and policies under subsection (f)), including—

(1) the goals of such programs, services, and policies;

(2) how the eligible entity will allocate grant funds for such programs, services, and policies;
(3) how such programs, services, and policies, and the resources of the eligible entity, will enable the eligible entity to meet the benchmarks developed pursuant to subsection (g), and how the eligible entity will track and report the entity’s progress in reaching such benchmarks;

(4) how the eligible entity will use such programs, services, and policies to establish quantifiable targets for improving graduation rates and employment-related outcomes;

(5) how the eligible entity will serve high-need populations through such programs, services, and policies;

(6) how the eligible entity will partner with the State public employment service and State or local workforce investment boards in carrying out such programs, services, and policies;

(7) how the eligible entity will share information with the Learning and Earning Center established under section 505;

(8) how the eligible entity will participate in the rigorous evaluation of such programs, services, and policies under subsection (i); and
(9) the potential for such programs, services, and policies to be replicated at other institutions of higher education.

(f) USES OF FUNDS.—An eligible entity receiving a grant under this section shall use the grant funds to carry out the programs described in subsection (a)(1)(B), which shall include at least 2 of the following activities:

(1) Developing and implementing policies and programs to expand opportunities for students at eligible entities described in subparagraphs (A) through (D) of section 502(2) to earn bachelor’s degrees by—

(A) facilitating the transfer of academic credits between institutions of higher education, including the transfer of academic credits for courses in the same field of study; and

(B) expanding articulation agreements and guaranteed transfer agreements between such institutions, including through common course numbering and general core curriculum.

(2) Expanding, enhancing, or creating academic programs or training programs, which may be carried out in partnership with employers, that provide relevant job-skill training (including apprenticeships...
and worksite learning and training opportunities) for high-wage occupations in high-demand industries.

(3) Providing student support services, including—

(A) intensive career and academic advising;

(B) labor market information and job counseling; and

(C) assistance in connecting students with community resources, transitional job support, or supportive services.

(4) Creating workforce programs that provide a sequence of education and occupational training that lead to industry-recognized credentials, including programs that—

(A) blend basic skills and occupational training that lead to industry-recognized credentials;

(B) integrate developmental education curricula and instruction with for-credit coursework toward degree or certificate pathways; or

(C) advance individuals on a career path toward high-wage occupations in high-demand industries.
(5) Building or enhancing linkages, including the development of dual enrollment programs and early college high schools between—

(A) secondary education or adult education programs (including programs established under the Carl D. Perkins Career and Technical Education Act of 2006 and title II of the Workforce Investment Act (20 U.S.C. 9201 et seq.)); and

(B) eligible entities described in subparagraphs (A) through (D) of section 502(2).

(6) Implementing other innovative programs, services, and policies designed to—

(A) increase postsecondary degree, certificate, and industry-recognized credential completion rates, particularly with respect to groups underrepresented in higher education, at eligible entities described in subparagraphs (A) through (D) of section 502(2); and

(B) increase the provision of training for students to enter high-wage occupations in high-demand industries.

(g) BENCHMARKS.—

(1) IN GENERAL.—Each eligible entity receiving a grant under this section shall develop quantifiable
benchmarks on the following indicators (where applicable), to be approved by the Secretary:

(A) Closing gaps in enrollment and completion rates for—

(i) groups underrepresented in higher education; and

(ii) groups of students enrolled at the eligible entity (or at an institution of higher education under the jurisdiction of the eligible entity, in the case of an entity that is not an institution) who have the lowest enrollment and completion rates.

(B) Addressing local and regional workforce needs.

(C) Establishing articulation agreements between two-year and four-year public institutions of higher education within a State.

(D) Improving comprehensive employment and educational outcomes for postsecondary education and training programs, including—

(i) student persistence from one academic year to the following academic year;

(ii) the number of credits students earn toward a certificate or an associate’s degree;
(iii) number of students in developmental education courses who subsequently enroll in credit bearing coursework;

(iv) transfer of general education credits between institutions of higher education, as applicable;

(v) completion of industry-recognized credentials or associate’s degrees to work in high-wage occupations in high-demand industries;

(vi) transfers to four-year institutions of higher education; and

(vii) job placement related to skills training or associate’s degree completion.

(2) REPORT.—The eligible entity receiving such a grant shall annually measure and report to the Secretary progress in achieving the benchmarks developed pursuant to paragraph (1).

(h) PROVISION OF TRANSFER OF CREDIT INFORMATION IN COMMUNITY COLLEGE COURSE SCHEDULES.—To the maximum extent practicable, each junior or community college receiving a grant under this section shall include in each electronic and printed publication of the college’s course schedule, in a manner of the college’s choosing, for each course listed in the college’s course
schedule, whether such course is transferable for credit to-
ward the completion of a 4-year baccalaureate degree at 
a public institution of higher education in the State in 
which the college is located.

(i) EVALUATION.—The Secretary shall allocate not 
more than two percent of the funds appropriated under 
section 501(b)(1) to the Institute of Education Sciences 
to conduct a rigorous evaluation, ending not later than 
January 30, 2014, that—

(1) assesses the effectiveness of the grant pro-
grams carried out by each eligible entity receiving 
such a grant in—

(A) improving postsecondary education 
completion rates (disaggregated by age, race, 
ethnicity, gender, income, and disability);

(B) improving employment-related out-
comes for students served by such programs;

(C) serving high-need populations; and

(D) building or enhancing working part-
nerships with State or local workforce invest-
ment boards; and

(2) includes any other information or assess-
ments the Secretary may require.

(j) REPORT.—The Secretary shall submit to the 
Committee on Health, Education, Labor, and Pensions of
the Senate and the Committee on Education and Labor of the House of Representatives an annual report on grants awarded under this section, including—

(1) the amount awarded to each eligible entity under this section;

(2) a description of the activities conducted by each eligible entity receiving a grant under this section; and

(3) a summary of the results of the evaluations submitted to the Secretary under subsection (i) and the progress each eligible entity made toward achieving the benchmarks developed under subsection (g).

SEC. 504. GRANTS TO ELIGIBLE STATES FOR COMMUNITY COLLEGE PROGRAMS.

(a) PROGRAM AUTHORIZATION.—From the amount appropriated to carry out this section, the Secretary, in coordination with the Secretary of Labor, shall award grants to eligible States, on a competitive basis, to implement the systematic reform of junior and community colleges located in the State by carrying out programs, services, and policies that demonstrated effectiveness under the evaluation described in section 503(i).

(b) ELIGIBLE STATE.—In this section, the term “eligible State” means a State that demonstrates to the Sec-
(e) that the State—

(1) has a plan under section 782 of the Higher Education Act of 1965 to increase the State’s rate of persistence in and completion of postsecondary education that takes into consideration and involves junior and community colleges located in such State;

(2) has a statewide longitudinal data system that includes data with respect to junior or community colleges;

(3) has an articulation agreement pursuant to section 486A of the Higher Education Act of 1965 (20 U.S.C. 1093a);

(4) is in compliance with section 137 of such Act (20 U.S.C. 1015f); and

(5) meets any other requirements the Secretary may require.

(c) GRANT DURATION; RENEWAL.—A grant awarded under this section shall be awarded to an eligible State for a 6-year period, except that if the Secretary determines that the eligible State has not made demonstrable progress in achieving the benchmarks developed pursuant to subsection (g) by the third year of the grant period, no further grant funds shall be made available to the entity after the date of such determination.
(d) **Federal and Non-Federal Share; Supplement, Not Supplant.**—

1. **Federal Share.**—The amount of the Federal share under this section for a fiscal year shall be not greater than $\frac{1}{2}$ of the costs of the reform described in subsection (f) that is carried out with the grant.

2. **Non-Federal Share.**—

   1. **In General.**—The amount of the Non-Federal share under this section for a fiscal year shall be not less than $\frac{1}{2}$ of the costs of the reform described in subsection (f) that is carried out with the grant. The non-Federal share may be in cash or in-kind, and may be provided from State resources, local resources, contributions from private organizations, or a combination thereof.

   2. **Financial Hardship Waiver.**—The Secretary may waive or reduce the non-Federal share of an eligible State that has submitted an application under this section if the State demonstrates a need for such waiver or reduction due to extreme financial hardship, as defined by the Secretary by regulation.
(3) Supplement, not supplant.—The Federal and non-Federal share required by this section shall be used to supplement, and not supplant, State, and private resources that would otherwise be expended to carry out the systematic reform of junior or community colleges in a State.

(e) Application.—An eligible State desiring to receive a grant under this section shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require. Such application shall describe the programs, service, and policies to be used by the State to achieve the systematic reform described in subsection (f), including—

(1) the goals of such programs, services, and policies;

(2) how the State will allocate grant funds to carry out such programs, services, and policies;

(3) how such programs, services, and policies will enable the State to meet the benchmarks developed pursuant to subsection (g), and how the State will track and report the State’s progress in reaching such benchmarks;

(4) how the State will use such programs, services, and policies to establish quantifiable targets for
improving graduation rates and employment-related outcomes;

(5) how the State will serve high-need populations through such programs, services, and policies;

(6) how the State will partner with the State public employment service and State or local workforce investment boards in carrying out such programs, services, and policies; and

(7) how the State will rigorously evaluate such programs, services, and policies, which may include participation in national evaluations.

(f) USES OF FUNDS.—An eligible State receiving a grant under this section shall use the grant funds to implement the systematic reform of junior and community colleges located in the State by carrying out programs, services, and policies that demonstrated effectiveness under the evaluation described in section 503(i)

(g) BENCHMARKS.—

(1) IN GENERAL.—Each eligible State receiving a grant under this section shall, in consultation with the Secretary, develop quantifiable benchmarks on the indicators identified in section 503(f)(1).

(2) PROGRESS.—An eligible State receiving such a grant shall annually measure and report to
the Secretary progress in achieving the benchmarks
developed pursuant to paragraph (1).

(h) REPORT.—

(1) REPORTS TO THE SECRETARY.—Each eligi-
ble State receiving a grant under this section shall
annually submit to the Secretary and the Secretary
of Labor a report on such grant, including—

(A) a description of the systematic reform
carried out by the State using such grant; and

(B) the outcome of such reform, including
the State’s progress in achieving the bench-
marks developed under subsection (g).

(2) REPORTS TO CONGRESS.—Not later than 6
months after the end of the grant period, the Sec-
retary shall submit to the Committee on Health,
Education, Labor, and Pensions of the Senate and
the Committee on Education and Labor of the
House of Representatives a summary of the reports
submitted under paragraph (1) with respect to such
grant period.

SEC. 505. NATIONAL ACTIVITIES.

(a) OPEN ONLINE EDUCATION.—From the amount
appropriated to carry out this section, the Secretary is au-
thorized to make competitive grants to, or enter into con-
tracts with, institutions of higher education, philanthropic
organizations, and other appropriate entities to develop, evaluate, and disseminate free high-quality online training, high school courses, and postsecondary education courses.

(b) Learning and Earning Research Center.—

(1) In general.—From the amount appropriated to carry out this section, the Secretary is authorized to award a grant to, or enter into a contract with, a nonprofit organization with demonstrated expertise in the research and evaluation of junior or community colleges to establish and operate the Learning and Earning Research Center (in this section referred to as the “Center”).

(2) Grant term.—The grant or contract awarded under this section shall be awarded for a period of not more than 4 years.

(3) Board.—The Center shall be comprised of an independent board of 9 individuals who—

(A) are appointed by the Secretary, based on recommendations from the nonprofit organization receiving the grant or contract under this section; and

(B) who have demonstrated expertise in—

(i) data collection;

(ii) data analysis; and
(iii) econometrics, postsecondary education, and workforce development research.

(4) CENTER ACTIVITIES.—The Center shall—

(A) develop—

(i) peer-reviewed metrics to help consumers make sound education and training choices, and to help students, workers, schools, businesses, researchers, and policymakers assess the effectiveness of junior or community colleges, and courses of study at such colleges, in meeting education and employment objectives and serving groups that are underrepresented in postsecondary education;

(ii) standardized data elements, definitions, and data-sharing protocols to make it possible for data systems related to postsecondary education to be linked and interoperable, and for best practices to be shared among States;

(iii) standards and processes for facilitating sharing of data in a manner that safeguards student privacy; and
(iv) common metrics and data elements to measure the education and employment outcomes of students attending junior or community colleges;

(B) develop and make widely available materials analyzing best practices and research on successful postsecondary education and training efforts;

(C) make the data and metrics developed pursuant to subparagraph (A) available to the public in a transparent, user-friendly format; and

(D) consult with representatives from States with respect to the activities of the Center.

(e) State Systems.—

(1) In general.—From the amount appropriated to carry out this section, the Secretary is authorized to award grants to States to establish cooperative agreements among States to develop, implement, and expand longitudinal data systems that collect, maintain, disaggregate (by income, race, ethnicity, gender, disability, and age), and analyze student data from junior and community colleges, including data on the programs of study and edu-
cation and employment outcomes for particular students, tracked over time.

(2) SUPPLEMENT, NOT SUPPLANT.—Funds appropriated to carry out this subsection shall be used to supplement, and not supplant, other Federal and State resources that would otherwise be expended to carry out statewide longitudinal data systems, including funding appropriated for State Longitudinal Data Systems in the American Recovery and Reinvestment Act of 2009 (26. U.S.C. 1).

(d) REPORT.—The Secretary shall submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives an annual report on the amounts awarded to entities receiving grants or contracts under this section, and the activities carried out by such entities under such grants and contracts.