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Education - HEA [Higher Education Act] Reauthorization [5]

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Robert M. Shireman
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Record Type: Record

To: Constance J. Bowers/OMB/EOP
cc: Michael Cohen/OPD/EOP, William R. Kincaid/OPD/EOP
Subject: Title V Comments

Comments on Title V (page numbers are from the EARLY version):

What if this version becomes law, and next year we find out that one of the best teacher training programs does NOT have a strong link between the education school and the college of arts & sciences at that institution? That is contrary to section 513(c)(2)(C) of the legislation, so the college would not apply.

THAT and the many other very detailed provisions in this bill lead me to advise strongly that the legislative language be cut by about 80%. This is a bad habit we have, and it's time to stop. Just because Congress has always wanted to micro-manage ED programs doesn't mean we have to invite them to do so. The detailed language will restrict the Secretary's flexibility (and the ability of the peer reviewers) when it becomes law. Furthermore, it invites Congress to add even more detail (and we can't exactly argue against their additions with the excuse that we want to have flexibility, since we've already undermined that ourselves). I would suggest a MUCH simpler, basic authorization, leaving almost all of the details to the Secretary's discretion (much of what is not in the bill could be in the accompanying description) -- just like many other agencies. Let's take this opportunity to end the tyranny of Congressional nitpicking -- there's absolutely no reason for the statute to dictate the contents of the application for a grant.

Here are some specific edits, but I hope they are moot because you have already taken my advice, above.

p. 3: Delete lines 3-13 (assumes that "qualified" and "certified" are the same)

p. 3 lines 16-17, delete "providing valuable role models for all students"

p. 7 lines 9-12, the restriction on training pre-school teachers is too severe. Delete the sentence, and in line 9 just say "pre-school, elementary, and secondary schools."

p. 9 delete lines 13-26 (too much detail for which there are unforeseen consequences).

p. 10, line 25, delete "and the administration"

p. 11, delete lines 4-6, and delete on lines 20-21 "and of employing a similarly diverse faculty"

p. 12, delete lines 22-23 (the requirements are getting pretty voluminous)

p. 15: the requirement to give away 40% of the funds as subgrants seems rather arbitrary. It seems likely that some partnerships would have the lead institutions sending technical help to other institutions, bringing people from those partners to the lead institution, etc., but that all that money would be best doled out by one office in the lead institution -- not by using "subgrants." This is another example of far too much detail.

p. 17, lines 5-6: If we want the lighthouses to represent "a variety of approaches," why are our requirements so lengthy and specific? How much variety can there be after they've already been through so many tests of their worth?

p. 17, delete lines 16-18. (This is covered enough in other portions of the description of the program. Also, "priority" is very strong, determinative.)

p. 20 line 7-8 delete "operate teacher preparation programs"

p. 27, delete lines 11-25

p. 2, Insert A:

High poverty urban and rural schools will experience the most severe teacher shortages. Of the two million teachers needed, approximately 15 percent, or 345,000 will be needed in central cities, in schools with large concentrations of low-income students. An additional 207,000 teachers will be needed in isolated, and often poor, rural areas.

p. 3, Insert B:

Nearly three-quarters of physical science students and one-third of English students in high poverty schools take classes with teachers who lack even a college minor in their field.

p. 15 Insert for goals section

(iii) goals for meeting the teacher preparation needs of the local educational agencies in the partnership that will lead to improvements in students achievement.

p. 18 Insert for "Second Five-Year Grants"

(c) Second Five-Year Grant Awards. In selecting grantees for second grants under this Part, the Secretary shall give preference to applicants whose projects have resulted in:

(1) the placement and retention of a substantial number of high quality graduates in teaching positions in underserved, high poverty schools;

(2) the adoption of effective teacher preparation programs, in particular those meeting the needs of high poverty urban and rural areas, by the partner institutions; and

(3) effective partnerships with elementary and secondary schools that are supporting improvements in student achievement.

p. 29 Insert for "Second Five-Year Grants"

(c) Second Five-Year Grant Awards. In selecting grantees for second grants under this Part, the Secretary shall give preference to applicants whose projects have resulted in:

(1) the placement and retention of a substantial number of high quality graduates in teaching positions in underserved, high poverty schools;

(2) the adoption of effective programs that meet the teacher preparation needs of high poverty urban and rural areas; and

(3) effective partnerships with elementary and secondary schools that are supporting improvements in student achievement.

**Title V of the Higher Education Act:
U.S. Department of Education's Proposal for Reauthorization**

The Department of Education proposes a targeted agenda for the reauthorization of Title V of the Higher Education Act. In contrast to the current law's authorization of numerous small, fragmented programs, the Department's proposal focuses succinctly on recruiting new teachers for high-poverty urban and rural areas, preparing them well, and supporting them during induction, the critical first stage of a teacher's career.

While the Federal government already addresses the professional development of current teachers, little has been invested in developing new teachers. Because our Nation will be preparing more teachers than ever before, and for increasingly challenging classrooms, a Federal investment targeted to teacher recruitment, preparation, and induction can have a significant impact.

Our proposal has two parts: (1) support for the highest-quality teacher preparation for underserved urban and rural areas, and (2) recruitment of qualified teachers for these underserved areas. Both parts of the proposal also address induction, the time period in which 30% of new teachers leave the field, in part because of a lack of support and quality preparation.

Lighthouse Partnerships for Teacher Preparation: Our proposed Lighthouse Partnerships program would identify a variety of institutions that prepare teachers well, in strong collaboration with school districts in high-poverty urban and rural areas, and promote the expansion of their best practices to other institutions. The program would be authorized at \$30 million for fiscal year 1999.

The proposal addresses three critical needs in teacher preparation. First, as a Nation, we must identify best practices in teacher education, especially in preparing teachers to teach in high-poverty schools. The research and evaluation literature on teacher education programs that would tell us how best to prepare teachers does not yet exist. As a result, teacher preparation programs vary widely in approach and quality. Second, when exemplary teacher education practices are identified, they should be disseminated and spread to other institutions; otherwise, good programs will remain islands of excellence with little impact on the great majority of prospective teachers. Third, because quality teacher preparation demands strong collaboration with elementary and secondary schools, school districts and teacher preparation institutions must work together in real partnerships to prepare teachers.

The Lighthouse Partnerships program would award five-year competitive grants to partnerships among institutions ("lead institutions") that are exemplary in preparing teachers for high-need areas, the school districts with which they collaborate, and a number of "partner institutions" that want to improve their teacher preparation

programs. Other entities, including community colleges and States, could be partners as well.

After a pre-application competition, a number of exemplary institutions and their partner school districts would be invited to submit full applications in partnership with other institutions of their choosing. Grantees would have to meet a set of rigorous criteria measuring such factors as the quality of lead institutions' teacher preparation programs, including their strong partnership with elementary and secondary schools in underserved areas, and the strength of the proposed partnership with other institutions of higher education.

Funds would be used for refinement and evaluation of the lead institution's teacher education programs; for the aggressive dissemination of information about best practices in teacher preparation to other institutions that prepare teachers; for technical assistance by the lead institution in improving the partner institutions' teacher preparation programs; for subgrants to the partner institutions for the implementation of program improvements; for joint activities with school districts in the partnership; for recruitment of potential teachers for underserved areas; and for assessing the effectiveness of the grant activities.

Strong evaluation provisions in the legislation would require that the partnerships document improvement in teacher preparation programs at the lead and partner institutions and that they show improvement in the effectiveness and diversity of students completing their programs. In addition, they must show improvement in student achievement at the elementary and secondary schools with which they collaborate.

Recruiting New Teachers for Underserved Areas: Our Nation's schools will need to hire over two million teachers in the next decade, and they need a more diverse teaching force. Urban and rural schools will experience the most severe teacher shortages; at the same time, students in those schools often need the most qualified teachers.

talented,
well-prepared
and

The Federal government cannot solve these recruitment challenges alone, but it can be a catalyst that stimulates the recruitment of minority teachers and teachers in areas of high need. We propose a program to increase the number of students, especially minority students, who complete high-quality teacher preparation programs and teach in underserved areas. The program would be authorized at \$39 million for fiscal year 1999 (with small portion of these funds available to pay the cost of continuation grants under the predecessor Minority Teacher Recruitment program.)

2
\$37

The program would award five-year competitive grants to partnerships between institutions of higher education and school districts in underserved urban and rural areas, in conjunction with other partners such as community colleges, teachers'

~~United States Department of Education~~
unions, community organizations, and States, to recruit and prepare teachers. Together the partners would determine the needs of high-poverty schools in their communities, such as the need for more minority teachers or for teachers in particular subjects. Having completed this needs assessment, the partners would identify a pool of potential teachers fitting those needs, recruit individuals from this pool, and design high-quality preparation and induction programs tailored to those individuals.

The needs of the respective partnerships would determine their recruitment focus. Special consideration would be given to applications from minority-serving institutions and to applications most likely to result in increases in the numbers of minority individuals, including language minority individuals, and individuals with disabilities in the teaching force.

The program would support scholarships for potential teachers. Applicants would determine the funding level and number of these scholarships according to the needs of their students. Because scholarships alone are often not enough to attract and retain participants in the program, the grantees could also provide support services such as academic counseling, tutoring, mentoring, child care, and transportation. Grantees could provide support services during participants' first three years of teaching, as well.

Individuals recruited into the program would commit to teach for at least three years in underserved school districts, defined by poverty level. The grantees would be judged by their success in preparing teachers to teach to high standards and in placing and retaining new teachers in high-need communities. Thus, they would have strong incentives to prepare students well for the challenges of teaching in high-poverty urban and rural schools and to support them effectively during their first years of teaching. Grantees also would have to show evidence that the numbers of minority teachers and teachers in high-poverty areas are increased.

A matching requirement would help to ensure that the program activities continue after Federal funding ends. Over the five-year grant period, the Federal share of the costs of the program activities would be reduced incrementally from 90 percent to 50 percent.

A focused Federal investment in teacher recruitment and preparation can make a substantial impact on the development of new teachers. The Department's proposal for the reauthorization of Title V would be an effective answer to our Nation's challenges in teaching.

MASTER

HEA, TITLE VDRAFT
July 25, 1997

"TITLE V--EDUCATOR RECRUITMENT, PREPARATION, AND INDUCTION

"FINDINGS

"SEC. 501. The Congress finds as follows:

"(1) What teachers know and can do has a critical impact on student achievement, yet too often prospective teachers are not receiving the initial preparation they need in order to teach children from diverse backgrounds to challenging standards.

While outstanding teacher preparation programs exist in different regions of the country, many prospective teachers are not in rigorous clinically-based programs and do not receive high-quality preparation (aligned with challenging content and performance standards) in the subject areas they will teach, and in child development and teaching methods.

"(2) A number of elementary and secondary schools throughout the United States are implementing educational reform strategies that are research-based, have records of demonstrated effectiveness in enabling students to achieve to high [State or local] standards, are replicable in diverse and challenging circumstances, and are supported by networks of researchers and experienced practitioners. Yet preparation to implement these strategies is not generally a central component of initial teacher preparation. ~~The result is that most newly prepared teachers do not have a thorough grounding in the most effective classroom practices.~~

"(3) Institutions of higher education that provide teachers for urban and rural schools that enroll concentrations of children from low-income families often have the greatest need to restructure their teacher preparation programs ~~to ensure~~ because the teachers they graduate ^{will face the greatest} classroom challenges. ~~of high schools and colleges to meet the demand~~

"(4) Improvement of teacher preparation in mathematics and reading represents a particular challenge for American education. For example, most future elementary and middle-school mathematics teachers take no more than one or two college-level mathematics courses, and these courses are not designed for prospective teachers and do not cover the mathematics content that elementary and middle-school teachers [should] teach; ~~nor do~~ many prospective teachers learn the teaching methods needed to enable students to meet challenging mathematics standards. In reading, most teacher preparation programs have not incorporated the large body of research on effective reading instruction.

[SENTENCE DELETED] ~~Progress has been particularly slow in preparing teachers to teach reading in a way that meets the wide range of learning needs in the classroom.~~

"(5) If current trends continue, American schools will need to hire more than two million teachers in the next decade to educate an increasing number of students and to replace current teachers who will retire or leave the profession. ^{Recent trends} in the number of people preparing to enter teaching indicate that the normal operation of the labor market, by itself, will not

insert
(A)

produce the number of qualified teachers schools will need.

"(6) Schools are already having trouble recruiting qualified teachers. The National Commission on Teaching and America's Future found that 50,000 uncertified individuals annually enter teaching because schools, frequently those in urban and rural areas with large concentrations of children from low-income families, cannot find all the certified teachers they

need. ^{insert} According to the Commission, 12 percent of newly hired teachers enter teaching without any relevant training, and an additional 14 percent enter without having met State licensure standards; fewer than three-quarters of all new teachers are fully qualified.

"(7) Teaching excellence and diversity are inextricably connected. By bringing distinctive life experiences and perspectives into the classroom, providing valuable role models for all students, enriching the instructional curriculum and the school climate, and strengthening connections to parents and communities, teachers from diverse racial and ethnic groups, and those with disabilities, enhance the quality of American education. Yet today, members of racial and ethnic minority groups make up only 13 percent of the teaching force, and few individuals with disabilities are teaching in American classrooms.

while
one-third
of American
students are
minority

"(8) The Federal Government, by itself, cannot ensure needed improvements in teacher preparation or solve the problem of teacher shortages. However, the Government can make limited,

targeted investments that--

"(A) encourage more institutions of higher education that operate teacher preparation programs, working in partnership with local educational agencies and States, to adopt the practices and strategies of the best programs; and

"(B) encourage more ~~people,~~ ^{Americans} [and a more diverse mix of

people,] ~~people~~ to enter teaching, complete high-quality

preparation programs, and teach in underserved communities.

"PURPOSE

"SEC. 502. [The purpose of this title is to help meet the ~~natural~~ ^{national} need to recruit, prepare, and retain a high-quality and diverse supply of elementary and secondary education teachers, particularly for schools in urban and rural areas with concentrations of children from low-income families, by--]

"(1) authoriz[ing] support for partnerships among institutions of higher education that operate exemplary teacher preparation programs, other institutions of higher education seeking to improve their programs, public elementary and secondary schools, and States, in order to improve the quality of the initial preparation of teachers for high-poverty communities;

"(2) authoriz[ing] support for partnerships to increase the number **and diversity** of students who enter teacher education programs, complete high-quality preparation programs, and ~~teach~~ ^{become} in underserved urban and rural communities; and ^{effective} ^{teachers}

"(3) encourag[ing] through such partnerships, the

creation of a more diverse teaching force, through the recruitment and preparation of minority individuals, [including] language minority individuals, and individuals with disabilities, to enter teaching.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 503. (a) AUTHORIZATION FOR PARTS A AND B. There are authorized to be appropriated--

"(1) \$30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the four succeeding fiscal years to carry out the program of Lighthouse Partnerships under part A; and

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"(2) ~~\$29~~,000,000 for fiscal year 1999 and such sums as may be necessary for each of the four succeeding fiscal years to carry out the program of Recruiting New Teachers for Underserved Areas under part B.

"(b) TRANSITION. Notwithstanding any other provision of law, the Secretary may use funds appropriated under subsection (a) to make continuation awards for projects that were funded under subpart 2 of part F of title V of this Act, as in effect [prior to enactment of {name of Act}].

"PART A--LIGHTHOUSE PARTNERSHIPS

"DEFINITIONS

"SEC. 511. As used in this part, the following terms have the following meanings:

"(1) (A) The term 'lead institution' means an institution of higher education that--

"(i) operates an exemplary [teacher preparation] program of significant size in one or more areas of teacher preparation, which may include the preparation of principals and other educational administrators;

"(ii) desires to assist other institutions of higher education in improving their programs and to serve as a national model for effective teacher preparation; and

"(iii) prepares ~~teachers~~ for teaching positions in urban and rural communities with concentrations of children from low-income families.

a
significant
percentage
of its
graduates

"(B) A lead institution [may participate] in a consortium with one or more two-year colleges with which it has articulation agreements relating to teacher preparation.

"(2) The term 'lighthouse partnership' means a partnership of a lead institution, partner institutions, and State and local educational agencies, that is dedicated to improving the quality of teacher preparation programs. Within each partnership, the lead institution shall act as the fiscal agent for the grant.

"(3) The term 'partner institution' means an institution of higher education that--

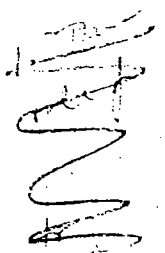
"(A) prepares teachers for their initial entry

into the teaching profession;

"(B) desires to improve its program with assistance from a lead institution; and

"(C) prepares teachers for teaching positions in urban and rural communities with ~~concentrations~~ of children from low-income families. ~~X~~

"(4) The term 'teacher preparation program' means a program operated by an institution of higher education that prepares students to obtain initial teacher licensure and to teach in elementary and secondary schools. Such a program may also prepare students to become preschool teachers if the institution serves a State or school districts in which preschool education is provided as free, public education.



"GRANTS TO LIGHTHOUSE PARTNERSHIPS

"SEC. 512. (a) GRANTS AUTHORIZED.--(1) From funds appropriated under section 503(1) for this part for each fiscal year, the Secretary shall make competitive grants to lighthouse partnerships.

"(2) Each grant under paragraph (1) shall be for a period not to exceed five years.

"(3) The Secretary shall--

"(A) make continuation awards, for the second and succeeding years, only after determining that the partnership is

making satisfactory progress in carrying out the grant; and

"(B) conduct an intensive review of the partnership's progress, with the assistance of outside experts, before making the continuation award for the fourth year of the grant.

"(b) LIMITATION. No partnership may receive more than two grants under this part.

"PREAPPLICATIONS AND APPLICATIONS

"SEC. 513. (a) PREAPPLICATIONS. Each lead institution that wishes to participate in a lighthouse partnership that will apply for a grant under this part shall submit a preapplication to the Secretary at such time, in such manner, and containing such information as the Secretary may require, except that the lead institution need not identify the other members of the partnership until it submits an application under subsection (b). **[The Secretary shall use a peer review process to review such preapplications.]**

"(b) APPLICATIONS REQUIRED. Any lighthouse partnership desiring to receive a grant under this part shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require.

"(c) CONTENTS. Each application shall include--

"(1) a description of the teacher preparation program operated by the lead institution, including information on the curriculum, the faculty, and the number and characteristics of students served;

[Handwritten signature]

[Extensive handwritten notes and scribbles on the right margin, including phrases like "Sch. 1", "Sch. 2", "Sch. 3", "Sch. 4", "Sch. 5", "Sch. 6", "Sch. 7", "Sch. 8", "Sch. 9", "Sch. 10", "Sch. 11", "Sch. 12", "Sch. 13", "Sch. 14", "Sch. 15", "Sch. 16", "Sch. 17", "Sch. 18", "Sch. 19", "Sch. 20", "Sch. 21", "Sch. 22", "Sch. 23", "Sch. 24", "Sch. 25", "Sch. 26", "Sch. 27", "Sch. 28", "Sch. 29", "Sch. 30", "Sch. 31", "Sch. 32", "Sch. 33", "Sch. 34", "Sch. 35", "Sch. 36", "Sch. 37", "Sch. 38", "Sch. 39", "Sch. 40", "Sch. 41", "Sch. 42", "Sch. 43", "Sch. 44", "Sch. 45", "Sch. 46", "Sch. 47", "Sch. 48", "Sch. 49", "Sch. 50", "Sch. 51", "Sch. 52", "Sch. 53", "Sch. 54", "Sch. 55", "Sch. 56", "Sch. 57", "Sch. 58", "Sch. 59", "Sch. 60", "Sch. 61", "Sch. 62", "Sch. 63", "Sch. 64", "Sch. 65", "Sch. 66", "Sch. 67", "Sch. 68", "Sch. 69", "Sch. 70", "Sch. 71", "Sch. 72", "Sch. 73", "Sch. 74", "Sch. 75", "Sch. 76", "Sch. 77", "Sch. 78", "Sch. 79", "Sch. 80", "Sch. 81", "Sch. 82", "Sch. 83", "Sch. 84", "Sch. 85", "Sch. 86", "Sch. 87", "Sch. 88", "Sch. 89", "Sch. 90", "Sch. 91", "Sch. 92", "Sch. 93", "Sch. 94", "Sch. 95", "Sch. 96", "Sch. 97", "Sch. 98", "Sch. 99", "Sch. 100"]

"(2) evidence of the quality of the institution's teacher preparation program, covering--

"(A) the extent to which the institution provides a coherent program, ~~in one or more areas of teacher education,~~ that--

~~"(i) is organized around a sound conceptual framework reflecting the best of what is known, from research and practice, on teacher education,~~

"(ii) prepares teachers to implement research-based instructional programs of demonstrated effectiveness and to teach their students to high content standards; and

in particular those in high-poverty schools,

"(iii) reflects high standards for teaching, such as the standards of the National Board for Professional Teaching Standards, and for teacher education;

State and local

"(B) the commitment of the institution to its program of teacher preparation which may include evidence on--

"(i) the role of teacher education within the overall mission of the institution;

"(ii) the involvement of the institution's President, Provost, or other top administrators in the teacher education program;

"(iii) the extent to which the board of trustees supports the program; and

"(iv) the financial commitment of the institution to its teacher preparation program (such as

information on the funding provided per student enrolled in teacher preparation, compared to the funding provided for students in other programs, or on the endowment of chairs and professorships in teacher education compared to those endowments in other areas):

for the purpose of ensuring a close connection between pedagogy and content in teacher preparation

"(C) the ^{collaborations} ~~connections~~ between the institution's teacher preparation program and its departments or schools of arts and sciences, as demonstrated through such evidence as the course requirements in arts and sciences for prospective teachers and the involvement of arts and sciences faculty members in the teacher preparation program (such as through joint development and teaching of courses, arts and sciences faculty members' supervision of student teachers, and joint faculty appointments);

"(D) the extent to which the institution operates a clinically based teacher preparation program through which prospective teachers participate in intensive, structured clinical experiences, with extensive faculty involvement, throughout their preservice education, and the extent to which those experiences are integrated into the curriculum;

in particular in high poverty schools

"(E) the extent to which the institution's program offers continuous assistance to its graduates during their initial years in the classroom;

"(F) the extent to which the institution ^{program meets the needs} ~~maintains~~ other connections with elementary and secondary education (particularly with urban and rural schools and school systems that serve concentrations of students from low-income families

of and builds

"(J) the procedures the institution uses to measure the quality of its teacher preparation program (including the extent to which graduates improve their subject matter knowledge and teaching ability as a result of their participation in the program) and to improve its program, using information generated through those procedures;

"(K) the success of the program in graduating students who are fully qualified to teach to high standards in the State or region served by the institution;

"(L) the quality of the program's graduates, as documented through such evidence as the graduates' record of obtaining (and retaining) teaching positions and the opinions of school district officials, in the State or region, of the quality of those graduates;

"(M) if applicable, the quality of the institution's program for the preparation of school principals and other school administrators, and of the success of that program; and

"(N) involvement and leadership of the institution in national, regional, and State efforts to improve teacher education and licensure;

"(3) evidence of the extent to which--

"(A) graduates have taken teaching positions in urban and rural schools in communities with concentrations of students from low-income families; and,

"(B) the institution recruits and serves students

(such as education paraprofessionals) from those communities;

"(4) evidence of the experience of the lead institution in creating or participating in networks with other institutions to improve the quality of teacher preparation programs, ~~including networks established for the support of research-based elementary and secondary education reform strategies;~~ 2

"(5) a description of how the partnership will operate a program under this part, including--

"(A) a description of the governance structure that the partnership will establish (through a written partnership agreement) for the grant, which shall include the active involvement of high-level administrators of the lead institution and representatives of--

"(i) both the teacher preparation program and the school or department of arts and sciences in the lead institution;

"(ii) the partner institutions involved with the grant;

"(iii) local educational agencies **[(including teachers and other school-level officials)]** served by the lead institution and one or more of the partner institutions; and

"(iv) State officials with authority over teacher licensure and teacher preparation in the States in which the lead institution and one or more of the partner institutions are located;

"(B) a description of how the partnership will

which may include

and with the education reforms under way in the institution's State, ~~as demonstrated through such evidence as~~

~~"(i) strong involvement of the faculty (including the arts and sciences faculty) and the administration in elementary and secondary education,~~

~~"(ii) involvement of elementary and secondary educators in the continuing development, improvement, and implementation of the teacher preparation program; and~~

~~"(iii) institutional policies that take into account, in faculty promotion and tenure decisions, service to elementary and secondary education;~~

"(G) the success of the institution in preparing teachers to teach [effectively] individuals from diverse populations, ~~such as evidence of the extent to which these graduates demonstrate the knowledge and skills to teach individuals from diverse populations effectively; and~~

"(H) the extent to which the institution ~~has incorporated the use of educational technology into its teacher preparation program~~ and is preparing teachers to use technology to teach children to high standards;

"(I) the record of the institution's teacher preparation program in attracting and graduating a diverse student body (including the recruitment and enrollment of individuals with disabilities), taking into account the diversity of the State or region served by the institution, ~~and of~~ employing a similarly diverse faculty;

fully engage local educational agencies in the activities carried out under the grant, ~~and of how those activities will benefit those agencies;~~

~~"(C) a description of how the partnership will use the funds it receives under the grant,~~ **including how the partnership will use those funds to address the teacher training needs of the local educational agencies that are members of the partnership,** consistent with section 514;

"(D) a description of how the activities undertaken with the grant will support, and be integrated with, the educational reforms under way in the States of the lead and the partner institutions, including a description of plans for coordinating activities carried out under the grant with activities carried out under **title II, title III, and section 3132** of the Elementary and Secondary Education Act of 1965, the Goals 2000: Educate America Act, the School-to-Work Opportunities Act of 1994, the Carl D. Perkins Vocational and Applied Technology Act, and the Individuals with Disabilities Education Act;]

~~["(E) a description of how the institution will coordinate its activities under the grant with other Federal or State professional development programs or activities designed to improve pre- and in-service teacher training;~~ and]

["(F) a description of--

"(i) the measurable goals the partnership expects to achieve through the grant, including--

"(I) goals for improvements in the teacher preparation programs of the partner institutions;

See insert
 "(II) goals for improvements in the quality, and increases in the number and diversity, of the graduates of teacher preparation programs operated by members of the partnership who take teaching positions in high-poverty schools of the local educational agencies in the partnership; and

1) goal for meeting the teacher preparation needs of the LEAs in the partnership
 "(III) such other goals, consistent with the purposes of this part, as the partnership may select; and
 "(ii) how the partnership will determine whether it is meeting those goals; and]

"(C) a description of the partnership's plan for institutionalizing the activities it is carrying out under this part, so that those activities will continue once Federal funding ceases.

"USES OF FUNDS

"SEC. 514. (a) REQUIRED ACTIVITIES. [In order to increase the quality, number, and diversity of elementary and secondary teachers it is preparing for positions in urban and rural areas with concentrations of low-income families,] each partnership selected to receive a grant under this part shall use the grant funds for each of the following purposes:

"(1) Further development, refinement, assessment of, and dissemination of information on, the teacher preparation programs operated by the lead institution, including activities

that document, for other institutions nationally and for policy-makers, effective practices in teacher preparation and that produce curricular and other materials for use by other institutions preparing teachers.

"(2) Technical assistance by the lead institution to the partner institutions in improving the partner institutions' teacher preparation programs (and, if applicable, their principal and other administrator preparation programs), based on the experience of the lead institution and the particular needs of the partners.

"(3) Making subgrants to the partner institutions for implementation of program improvements at those institutions, *high poverty schools in* [through adoption or adaptation of the teacher preparation practices of the lead institution, to meet the needs of the urban and rural communities they serve.] Each partnership shall use at least 40 percent of its grant for this purpose.

"(4) Joint activities with the local educational agencies in the partnership, and with other local educational agencies, that increase the involvement of classroom teachers and school administrators in the design and implementation of teacher preparation programs operated by the lead and partner institutions (and thereby make those programs more responsive to the needs of teachers and administrators), and other activities to improve teaching and administration, [and to support new teachers.] *high poverty* in the schools of those local educational agencies.

"(5) Cooperation and interaction with other lighthouse

partnerships and with other institutions, organizations, and public agencies, on activities aimed at the improvement of teacher preparation nationally, including improvement of teacher licensure and relicensure requirements.

"(6) Assessment of the effectiveness of the activities carried out under the grant, including the extent to which the [partnership is achieving its goals under section 513(c)(5)(F)].

"(b) OPTIONAL ACTIVITIES. Each partnership selected to receive a grant under this part may also use the grant funds [PHRASE DELETED] for joint activities with States that promote the development and implementation of State policies to facilitate the improvement of teacher preparation programs (and, if applicable, principal and other administrator preparation programs) within the States, as a component of comprehensive education reforms.

"SELECTION OF APPLICATIONS

"SEC. 515. (a) PEER REVIEW. The Secretary shall, using a peer review process, select applicants to receive ~~under~~ grants under this part on the basis of--

- "(1) the quality of the teacher preparation program operated by the lead institution in a proposed partnership;
- "(2) the quality of the partnership's plan for carrying

out activities under the grant; and

"(3) the capacity of the lead institution and its partners to carry out the proposed activities successfully.

"(b) CRITERIA AND PRIORITIES. [(1)] In selecting grantees under this part, the Secretary shall seek to ensure that--

"(A) lighthouse partnerships represent a variety of approaches to teacher preparation;

"(B) lead institutions represent a variety of institutions of higher education; and

"(C) there is an equitable geographic distribution of awards.

"(2) In addition to complying with paragraph (1), the Secretary shall give priority to applications for--

"(A) projects that are likely to result in improvement of teacher preparation in the areas of mathematics and reading; and

"(B) projects that are likely to prepare a significant number of minority individuals ^{including} language ^{with high potential to be effective teachers, including} minority individuals and individuals with disabilities to be teachers.

(c) Second Five-Year grants (see insert)

"EVALUATION

"SEC. 516. The Secretary shall provide for an evaluation of the program carried out under this part, including an assessment of such issues as--

(A) projects that are likely to have the most significant impact on the quality of teaching in high poverty urban and rural schools;

"(1) the extent to which the activities carried out through Lighthouse Partnerships result in significant and positive changes in the teacher preparation programs operated by partner institutions, as well as improvements in the programs operated by lead institutions;

"(2) the extent to which Lighthouse Partnership grants enhance the effectiveness, including the technological proficiency, and the diversity, of students completing teacher preparation programs in the institutions of higher education participating in the grants; and

that will lead to improvement in teaching and learning

"(3) the involvement of elementary and secondary schools and school districts serving concentrations of children from low-income families in the activities carried out under this part, and the extent to which those activities result in benefits to those schools and districts, including information on the extent to which involvement in the grants improves the instructional programs and the educational outcomes for students in those schools and districts.

"NATIONAL ACTIVITIES

"SEC. 517. The Secretary may reserve up to 5 percent of the funds appropriated to carry out this part for any fiscal year for--

"(1) peer review of applications;

"(2) evaluation of the program under section 516, and measurement of its effectiveness in accordance with the Government Performance and Results Act of 1993;

"(3) conferences **[and networks]** of lighthouse partnerships, and other entities, in order to facilitate the exchange of information and ideas among the participating partnerships and other institutions, agencies, and individuals, **[including recipients of funds under part B,]** who are interested in the improvement of teacher preparation and parallel improvements in principal and administrator preparation; and

"(4) technical assistance and other activities to enhance the success of the program carried out under this part or of teacher education more generally.

"PART B RECRUITING NEW TEACHERS FOR UNDERSERVED AREAS

"PROGRAM AUTHORIZED

"SEC. 521. From funds appropriated to carry out this part under section 503(2) for each fiscal year, the Secretary shall make competitive grants to eligible applicants for programs that--

"(1) provide scholarships and, as necessary, support services for students, particularly minority students, **[including]** language minority students, and students with disabilities, seeking to complete teacher preparation programs and to teach in underserved areas; and

with potential to become high quality teachers

"(2) thereby increase the [quality.] number, [and diversity] of new teachers nationally and increase the ability of schools in underserved areas to recruit a qualified teaching staff.

"DEFINITIONS

"SEC. 522. As used in this part, the following terms have the following meanings:

"(1) (A) The term 'eligible applicant' means a partnership of--

"(i) an institution of higher education that grants baccalaureate degrees and prepares teachers for their initial entry into the teaching profession; and

"(ii) one or more local educational agencies that are in underserved areas.

"(B) Such a partnership may also include--

"(i) two-year colleges that operate teacher preparation programs and maintain articulation agreements, with the baccalaureate-granting institution, for the transfer of credits in teacher preparation;

"(ii) State agencies that have responsibility for policies related to teacher preparation and licensure; and

"(iii) other public and private, nonprofit agencies and organizations that serve, or are located in, communities served by the local educational agencies in the partnership, and that have an interest in teacher recruitment, preparation, and induction.

"(2) The term 'support services' includes--

"(A) academic advice and counseling;

"(B) tutorial services;

⌘(C) mentoring; [and]

"(D) child care and transportation, if funding for those services cannot be arranged from other sources; and

"(3) The term 'underserved area' means--

["(A) the three local educational agencies in the State that have the highest numbers of children, ages 5-17, from families below the poverty level (based on data satisfactory to the Secretary); and

"(B) any other local educational agency in which the percentage of such children is at least 20 percent, or the number of such children is at least 10,000.]

⌘GRANT CONDITIONS

"SEC. 523. (a) GRANTS AUTHORIZED.--(1) (A) The Secretary shall carry out this part by making competitive grants to eligible applicants.

"(B) Each grant under subparagraph (A) shall be for a period not to exceed five years.

"(2) The Secretary shall--

"(A) make continuation awards, for the second and succeeding years, only after determining that the grantee is making satisfactory progress in carrying out the grant; and

"(B) conduct an intensive review of the grantee's progress, with the assistance of outside experts, before making

the award for the fourth year of the grant.

"(3) No partnership may receive more than two grants under this subsection.

"(b) MATCHING REQUIREMENT.--(1) The Federal share of the cost of activities carried out under a grant made under subsection (a) shall not exceed--

"(A) 90 percent of the cost in the first year of the grant;

"(B) 80 percent in the second year;

"(C) 70 percent in the third year;

"(D) 60 percent in the fourth year; and

"(E) 50 percent in the fifth year and any succeeding year (including each year of the second grant, if any).

"(2) The non-Federal share of activities carried out with a grant under subsection (a) may be provided in cash or in kind, fairly evaluated, and may be obtained from any non-Federal public or private source.

"(c) PLANNING GRANTS.--(1) The Secretary may make planning grants to eligible applicants that are not yet ready to implement programs under subsection (a).

"(2) Each planning grant shall be for a period of not more than one year, which shall be in addition to the period of any grant under subsection (a).

"(3) Any recipient of a planning grant under this

subsection that wishes to receive a grant under subsection (a) (1) shall separately apply for a competitive grant under that subsection.

"GRANT APPLICATIONS

"SEC. 524. (a) APPLICATIONS REQUIRED. Any eligible applicant desiring to receive a grant under this part shall submit an application at such time, in such form, and containing such information as the Secretary may require.

"(b) APPLICATION CONTENTS. Each application for a grant under section 523(a) shall include--

"(1) a designation of the institution or agency, within the partnership, that will serve as the fiscal agent for the grant;

"(2) information on the quality of the institution's teacher preparation program, which may include the types of information described in section 513(c) (2), **[and how the applicant will ensure that scholarship recipients will receive high-quality preparation];**

"⁴(3) a description of the assessment the institution, the local educational agency partners, and other partners have undertaken--

"(A) to determine--

"(i) the most critical needs of the local educational agencies, particularly the needs of schools in high-poverty areas, for new teachers (which may include teachers in particular subject areas or at certain grade levels, including

(3) a description of how the institution will improve its teacher preparation practices

the prekindergarten level, minority teachers, and teachers who are disabled who will contribute to the diversity of the local educational agency's teachers, or teachers who are fluent in languages spoken by students in the local educational agency); and

"(ii) how the project carried out under the grant will address those needs; and

"(B) that reflects the input of all significant entities in the community (including organizations representing teachers and parents) that have an interest in teacher recruitment, preparation, and induction;

"⁵(4) a description of the project the applicant will carry out with the grant, including information on--

"(A) the recruitment and outreach efforts the applicant will undertake to publicize the availability of scholarships and other assistance under the program;

"(B) (i) the number and types of students that the applicant will serve under the program, which may include education paraprofessionals seeking to achieve full teacher certification; teachers whom the partner local educational agencies have hired under 'emergency certification' procedures; or former military personnel, mid-career professionals, or AmeriCorps or Peace Corps volunteers, who desire to enter teaching; and

"(ii) the criteria that the applicant will use in selecting those students, including criteria to determine

whether individuals have the capacity to benefit from the program, and complete teacher certification requirements; *and become high quality teachers.*

"(C) the activities the applicant will carry out under the grant, including a description of, and justification for, any support services the institution will offer to participating students;

"(D) the [number and funding range] of the scholarships the institution will provide to students; and

"(E) the procedures the institution will establish for entering into, and enforcing, agreements with scholarship recipients regarding their fulfillment of the service commitment described in section 529;

with high potential to be effective teachers
 "(6) a description of how the institution will use funds provided under the grant only to increase the number of students participating in its teacher preparation programs, or in the particular type or types of preparation programs that the grant would support, or to increase the number of their graduates who are minority individuals, ~~[including] language minority individuals, or individuals with disabilities;~~

qualified
 "(7) a description of commitments, by the partner local educational agencies, to hire scholarship recipients in their schools and in the subject areas or grade levels for which the recipients will be trained, and a description of the actions the grantee institution, the local educational agencies, and the other partners will take to facilitate the successful transition of those recipients into teaching; and

with high potential to be effective teachers

⁸
 "(A) a description of the applicant's plan for

institutionalizing the activities it is carrying out under this part, so that those activities will continue once Federal funding ceases.

"USES OF FUNDS

"SEC. 525. IN GENERAL. Each grantee under section 523(a) [shall use the grant funds of the following:]

"(1) Scholarships to help students pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program.

"(2) Support services, if needed to enable scholarship recipients to complete postsecondary education programs [PHRASE DELETED]

["(3) Follow up services provided to former scholarship recipients during their first three years of teaching.]

⌘(4) Payments to partner local educational agencies, if needed to enable them to permit paraprofessional staff to participate in teacher preparation programs (such as the cost of 'release time' for those staff).

"(5) If appropriate, and if no other funds are available, paying the costs of additional courses taken by former scholarship recipients during their initial three years of teaching.

"(b) PLANNING GRANTS. A recipient of a planning grant under

section 523(c) shall use the grant funds for the costs of planning for the implementation of a grant under section 523(a).

"SELECTION OF APPLICANTS

"SEC. 526. (a) PEER REVIEW. The Secretary, using a peer review process, shall select applicants to receive funding under this part on the basis of--

"(1) the quality of the teacher preparation program offered by the institution;

"(2) the quality of the program that would be carried out under the application; and

"(3) the capacity of the partnership to carry out the grant successfully.

"(b) CRITERIA AND PRIORITIES.--(1) In making selections, the Secretary shall seek to ensure that--

"(A) in the aggregate, grantees carry out a variety of approaches to preparing new teachers; and

"(B) there is an equitable geographic distribution of awards.

"(2) In addition to complying with paragraph (1), the Secretary shall give [special consideration] to--

"(A) applications most likely to result in increases in the numbers of minority individuals, language minority individuals, and individuals with disabilities in the teaching force; and

*(B) applications from historically Black colleges

with
high
potential
to be
effective
teachers,
including

and universities, Hispanic-serving [institutions], and Tribal Colleges and Universities, as defined in title III of this Act.

(c) *Second Five-Year Grants (see insert)*

"DURATION AND AMOUNT OF ASSISTANCE; RELATION TO OTHER ASSISTANCE

"SEC. 527. (a) DURATION OF ASSISTANCE. No individual may receive scholarship assistance under this part--

§(1) for more than five years of postsecondary education; [and

§(2) unless that individual satisfies the requirements of section 484(a)(5) of the Higher Education Act of 1965.]

"(b) AMOUNT OF ASSISTANCE. No individual may receive an award under this program that exceeds the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending.

"(c) RELATION TO OTHER ASSISTANCE. A scholarship awarded under this part--

"(1) shall not be reduced on the basis of the individual's receipt of other forms of Federal student financial assistance; and

"(2) shall be regarded as other financial assistance available to the student, within the meaning of sections 471(3) and 480(j)(1) of this Act, in determining the student's eligibility for grant, loan, or work assistance under title IV of this Act.

"SCHOLARSHIP CONDITIONS

"SEC. 528.(a) In General. A recipient of a scholarship under

this part shall continue to receive that assistance only as long as he or she is--

"(1) enrolled as a full-time student and pursuing a course of study leading to teacher certification, unless he or she is working in a public school (as a paraprofessional, or as a teacher under emergency credentials) while participating in the program; and

"(2) maintaining satisfactory progress as determined by the institution.

[(b). Special Rule. The application of section 527(a) and section 528(a)(1) shall be modified by a grantee to the extent necessary to accomodate the rights of students with disabilities under section 504 of the Rehabilitation Act of 1973.]

§SERVICE REQUIREMENTS

"SEC. 529. (a) REQUIREMENT. Each partnership receiving a grant under this part shall enter into an agreement, with each student to whom it awards a scholarship under this part, providing that a scholarship recipient who completes a teacher preparation program under this part shall, within five years of completing that program, teach full time for at least three years in a school in an underserved geographic area or repay the amount of the scholarship to the Secretary.

"(b) REGULATIONS. The Secretary shall prescribe regulations relating to the requirements of subsection (a), including any provisions for waiver of those requirements.

, under the terms and conditions established by

having a part of the of of that 527 to be used

"EVALUATION

"SEC. 530. The Secretary shall provide for an evaluation of the program carried out under this part, which shall assess such issues as--

"(1) whether institutions taking part in the partnerships are successful in preparing scholarship recipients to teach to high standards;

"(2) whether scholarship recipients are successful in completing teacher preparation programs, becoming fully certified teachers, and obtaining teaching positions in underserved areas, and whether they continue teaching in those areas over a period of years;

"(3) the [national] impact of the program in assisting local educational agencies in underserved areas to recruit, prepare, and retain diverse, high-quality teachers in the areas in which they have the greatest needs;

"(4) the long-term impact of the grants on teacher preparation programs conducted by grantees and on grantees' relationships with their partner local educational agencies and other partners; and

"(5) the relative effectiveness of different approaches for preparing new teachers to teach in underserved areas, including their effectiveness in preparing new teachers to teach to high content and performance standards.

"NATIONAL ACTIVITIES

"SEC. 531. The Secretary may retain up to five percent of the funds appropriated for this part for any fiscal year for--

"(1) peer review of applications;

"(2) conducting the evaluation required under section 530; and

"(3) technical assistance and other activities to facilitate the exchange of information and ideas among participating partnerships, and other activities to enhance the success of the program carried out under this part.".

The Title III programs directly relate to the Department's support of access to postsecondary education as well as high standards and high achievement because these programs enable the improvement and expansion of an institution's capacity to provide educational opportunities for large numbers of needy and underrepresented students. The Department is proposing the following changes to Title III as part of the reauthorization.

Title III reauthorization structure

The revised Title III structure will be as follows:

- Part A: Strengthening Institutions program
- Part B: Historically Black Colleges and Universities (HBCU) program
- Part C: HBCU Capital Financing program
- Part D: Strengthening Hispanic Serving Institutions (HSI) program
- Part E: Strengthening Tribal Colleges and Universities (TCU) Program
- Part F: Minority Science Improvement Program (MSIP)
- Part G: General Provisions

Use of funds

► New technology initiative

This new initiative focuses on improving the educational capacity of institutions participating in the Institutional Aid programs by giving priority to those applications that focus on integrating the use of technology and enhancing the institution's technological capacity in their activities. An authorized activity also has been added to encourage institutions to invest in the improvement of their administration of funds made available to students pursuant to Title IV of the HEA.

► Endowment funds

Eliminate the Endowment Challenge Grants program and allow institutions participating in each of the Institutional Aid programs the option of using a portion (up to 20 percent) of their awards to establish or expand an endowment fund. Institutions would be required to match the federal funds used for this purpose -- at least equal to one dollar of institutional funds for every two dollars of the grant funds -- with nonfederal funds.

Restructuring

► Move the Hispanic Serving Institutions (HSI) Program from Part A to a new part

Move the HSI program into a separate part to be consistent with having a separate part for the Historically Black Colleges and Universities (HBCU) program and our proposal to have a separate part for Strengthening Tribal Colleges and Universities (TCU). The Strengthening HSI program currently exists under Title III Part A: Sec. 316.

In addition, revise the definition of an HSI by eliminating the two low-income and first-generation criteria. To be an eligible Title III institution, sec. 312(b) already requires the enrollment of needy students. This change will lessen the data collection burden on eligible institutions but have a negligible effect on the number of eligible institutions.

Eliminate the current priority of a collaborative arrangement with a local educational agency to

create more consistency between the HSI program and the other Strengthening Institution programs, which do not have this requirement.

- *Incorporate the Minority Science Improvement Program (MSIP) and Historically Black Colleges and Universities (HBCU) Capital Financing Program into Title III as separate parts*

Since both programs also serve to strengthen institutions and are targeted to the institutions most served by the other programs in Title III, this incorporation will move the two programs, with minimal changes, to where they most appropriately fit within the HEA.

New part

- *Create a new Strengthening Tribal Colleges and Universities (TCU) program*
In recognition of the important role Tribal Colleges and Universities (TCU) have in educating American Indian and other low-income students, the Department has proposed legislation creating a new institutional development program. The purpose of this program is to improve, strengthen and expand the institution's capacity to serve American Indian and other low-income students.

The Department intends to increase the support to institutions that serve large numbers of Native American and Alaska Natives. Recent research has shown that Native Americans and Alaska Natives require additional assistance and focus to address their postsecondary education attendance and attainment. A recent Carnegie Report also asserts Tribal Colleges have been neglected, unrecognized, and under funded by both the Federal Government and the private sector.

Increased funding

The institutional development programs would have an increased allocation of about \$275 million -- nearly \$70 million more than the President's FY 1998 budget request. This authorization level reflects the Department's increased commitment to capacity-building for institutions that serve large numbers of needy and underrepresented students. The following section provides a table and a brief description of the fiscal year 1998 and 1999 budget requests for the Title III Institutional Aid programs.

(In thousands of dollars)	FY1998*	FY1999*
Aid for Institutional Development:		
Strengthening Institutions [Part A]	\$ 53,450	\$ 80,000
Strengthening Hispanic-serving Institutions (HSIs) [Part A: Sec. 316]/[proposed Part D]	12,000	24,000
Strengthening Historically Black Colleges and Universities (HBCUs) [Part B: Sec. 323]	113,000	130,000
Strengthening Historically Black Graduate Institutions (HBGIs) [Part B: Sec. 326]	19,606	26,000
Strengthening Tribal Colleges & Universities (TCUs) [proposed Part E]	0	5,000
Minority Science Improvement Program (MSIP) [proposed Part F]	5,255	10,000
Total Title III program:	\$205,311	\$275,000

*President's proposed budget

Strengthening Institutions: The authorization level requested for the Strengthening Institutions Program is \$80 million. This request would provide the necessary funds for continuing multi-year grants to approximately 108 institutions (\$36 million) and funds for about 70 new awards. This authorization level is an increase of \$24.4 million (44 percent) over the President's FY 1998 budget request.

Strengthening Hispanic-serving Institutions (HSIs): The authorization level requested for the Strengthening Hispanic-serving Institutions program is \$24 million. This funding would provide support for approximately 70 (52 percent) of the 130 institutions eligible to compete for the program. This authorization level is an increase of \$12 million (100 percent) over the President's 1998 budget request.

Strengthening Historically Black Colleges and Universities (HBCUs): The authorization level requested for Strengthening HBCUs is \$130 million. This level of funding would support an average award of \$1.3 million -- an increase of \$173,000 from the 1998 estimated level -- and reflects an increase of \$17 million (15 percent) over the President's 1998 budget request.

Strengthening Historically Black Graduate Institutions (HBGIs): The authorization level requested for this program is \$26 million. This level would support an average award \$1.4 million -- an increase of about \$143,000 from FY 1998 -- and is an overall increase of \$6.4 million (33 percent) over the President's 1998 budget request.

Tribal Colleges and Universities (TCUs): The authorization level requested is \$5 million to support competitive grants averaging \$350,000 to about 14 (48 percent) of the 29 TCUs in the United States.

Minority Science Improvement (MSIP): The authorization level requested for MSIP is \$10 million. This level is an increase of nearly 50 percent over the President's FY 1998 budget request

and would support the participation of about 110 minority-serving institutions. This level would also provide support for a new initiative in MSIP -- a Faculty and Student Exchange Program -- between minority-serving institutions and among other institutions. This initiative could significantly improve the academic preparation, career experience, and mentoring of minority students for graduate studies.

URGENTTotal Pages: **35**

LRM ID: CJB82

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Friday, July 25, 1997

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference

OMB CONTACT: Constance J. Bowers
PHONE: (202)395-3803 FAX: (202)395-6148

SUBJECT: EDUCATION Draft Bill on Higher Education Act Reauthorization - Title III - Institutional Aid

DEADLINE: 5:00 p.m. Tuesday, July 29, 1997

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: The HEA reauthorization legislation will be reviewed, cleared, and submitted informally to committees in separate parts. ED will consolidate the entire bill for formal transmittal later.

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LRM ID: CJB82 SUBJECT: EDUCATION Draft Bill on Higher Education Act Reauthorization -
Title III - Institutional Aid

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Constance J. Bowers Phone: 395-3803 Fax: 395-6148
 Office of Management and Budget
 Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet

TITLE III (INSTITUTIONAL AID)

DRAFT 7/25/97

SEC. ---. (a) Title III of the Act is amended--

(1) in section 301--

(A) in subsection (a)--

(i) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively; and

(ii) by adding a new paragraph (3) to read as follows:

“(3) In order to be competitive and provide a high-quality education for all, institutions must improve their technological capacity and expand their use of technology;

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

“(b) PURPOSE--It is the purpose of this title to assist such institutions to improve their infrastructure and quality of education in order to equalize educational opportunity through a program of Federal assistance.”;

(2) by amending section 311--

(A) in subsection (a), by striking out “increase their self-sufficiency and”;

(B) in subsection (b)--

(i) in paragraph (2)(A), by striking out “or” at the end thereof and inserting in lieu thereof “and”; and

(C) by striking out paragraph (3); and

(D) by adding at the end thereof a new subsection (c) to read as follows:

“(c) AUTHORIZED ACTIVITIES--(1) Funds awarded under this section shall be used for one or more of the following activities:

“(A) faculty development.

“(B) funds and administrative management.

“(C) development and improvement of academic programs.

“(D) acquisition of equipment for use in strengthening funds management and academic programs.

“(F) joint use of facilities such as libraries and laboratories.

“(F) student services.

“(G) investing in the technological improvement of the institution's administration of funds made available to students under title IV of this Act.

“(H) establishment or improvement of an endowment fund.”;

“(2) An eligible institution may not use more than 20 percent of its grant under this part for any fiscal year to establish or improve an endowment fund.”;

(3) in section 312--

(A) by amending subsection (b) to read as follows--

“(b) ELIGIBLE INSTITUTION--(1) For the purpose of this part, the term “eligible institution” means--

“(A) an institution of higher education--

“(i) that has an enrollment of needy students as required by subsection (c) of this section;

“(ii) except as provided in section 352(b), the average educational and general expenditures of which are low, per full-time equivalent undergraduate student, in comparison with the average educational and general expenditures, per full-time equivalent undergraduate student, of institutions that offer similar instruction;

“(iii) that is legally authorized to provide, and provides within the State, an educational program for which it awards a bachelor's degree, or that is a junior or community college;

“(iv) that is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be reliable authority as to the quality of training offered or that is, according to such an agency or association, making reasonable progress toward accreditation; and

and
 "(v) that meets such other requirements as the Secretary may prescribe;

"(B) any branch of any institution of higher education described under subparagraph (A) that by itself satisfies the requirements contained in clauses (i) and (ii) of that subparagraph.

"(2) For the purposes of this section, the Secretary may consider any institution that applies for funds under this part, that is determined to be eligible for such funds but is not funded, to be eligible to receive funds under this part for a total of three consecutive years following the most recent application for which it was found eligible.

"(3) For the purposes of this part, no historically black college or university that is eligible for, and receives funds under, part B of this title shall be eligible for or may receive funds under this part."; and

(B) by striking out subsection (f);

(4) in section 313--

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

"(b) PRIORITY--In awarding grants under this part, the Secretary shall give priority to applicants who are not already receiving a grant under this part, except that for the purpose of this subsection, a grant under sections 313(c) or 345(a)(1) shall not be considered a grant under this part."

(ii) by redesignating subsection (c) as subsection (d); and

(iii) by adding a new subsection (c) to read as follows:

"(c) LIMITATIONS--An institution awarded a grant under this part, other than sections 313(c) or section 354(a)(1), shall not be eligible for another grant under this part for two consecutive years following the completion of the last grant it received under this part.";

(5) by amending section 314 to read as follows:

"APPLICATIONS

"Section 314. (a) APPLICATIONS.--Each eligible institution desiring to receive assistance under this part shall submit an application in accordance with the requirements of section 381.

"(b) ADDITIONAL INFORMATION.--For purposes of this part, an application under

subsection (a) shall also include--

"(1) a 5-year plan for improving the assistance provided by such institution to students; and

"(2) measurable goals for the institution's proposed activities, including a plan of how the applicant intends to achieve those goals.

"(c) **PRIORITY.**--The Secretary shall give priority to applications that strengthen the technological capabilities of eligible institutions as determined by the Secretary.";

(6) by repealing sections 315 and 316;

(7) in section 321(4), by inserting " technological capabilities," after "academic resources,";

(8) in section 323--

(A) in subsection (a)--

(i) by striking out "section 360(a)(2)" and inserting in lieu thereof "section 390(a)(2)";

(ii) by redesignating paragraph (12) as paragraph (14); and

(iii) by inserting after paragraph (11) new paragraphs (12) and (13) to read as follows:

"(12) Investing in the technological improvement of the institution's administration of funds made available to students under to title IV of this Act.

"(13) Establishing or improving an endowment fund.";

(B) in subsection (b), by amending paragraph (3) to read as follows:

"(3)(A) An institution may not use more than 20 percent of its grant under this part for any fiscal year to establish or improve an endowment fund.

"(B) In order for an institution to use its funds under this part to establish or improve an endowment fund, it shall provide an institutional match, using non-Federal funds, that is at least equal to one dollar of institutional funds for every two dollars of the grant funds.";

(9) by amending section 324(f) to read as follows:

"(f) SPECIAL MERGER RULE --(1)(A) An institution otherwise eligible to apply for a grant under this part in any fiscal year prior to the fiscal year 1986, shall remain eligible even if such institution has merged with another institution of higher education that is not so eligible

"(B) An institution eligible to apply for a grant under this part that merges with an institution eligible to apply for a grant under parts A or C shall, for purposes of being funded under this title, be considered as a single institution.";

(10) by amending section 325(c) to read as follows:

"(c) GOALS.--An application for a grant under this part shall describe measurable goals for the institution's proposed activities, including a plan of how the applicant intends to achieve those goals.";

(11) in section 326--

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

"(2) No grant in excess of \$500,000 may be made under this section unless the postgraduate institution provides an assurance that 50 percent of the cost of the purposes for which the grant is made will be paid from non-Federal sources, except that--

"(A) the institution shall not be required to match the first \$500,000 of its award from the Secretary; and

"(B) the Morehouse School of Medicine shall receive at least \$3,000,000.";

and

(B) in subsection (b), by striking out the second sentence;

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

"(1) IN GENERAL.--Independent professional or graduate institutions and programs eligible for grants under subsection (a) include--

"(A) Morehouse School of Medicine;

"(B) Meharry Medical School;

"(C) Charles R. Drew Postgraduate Medical School;

"(D) Clark-Atlanta University,

"(I) Tuskegee University qualified graduate program;

"(F) Xavier University qualified graduate program;

"(G) Southern University qualified graduate program;

"(H) Texas Southern University qualified graduate program;

"(I) Florida A&M University qualified graduate program;

"(J) North Carolina Central University qualified graduate program;

"(K) Morgan State University qualified graduate program;

"(L) Hampton University qualified graduate program;

"(M) Alabama A&M qualified graduate program;

"(N) North Carolina A&T State University qualified graduate program;

"(O) University of Maryland Eastern Shore qualified graduate program;

"(P) Jackson State qualified graduate program; and

"(Q) any professional or graduate institution or program that meets the requirements of this section.";

(D) in subsection (f)--

(i) in paragraph (2)--

(I) in the matter before subparagraph (A), by inserting "but not to exceed \$19,606,000" after "\$12,000,000"; and

(II) in subparagraph (B), by striking out "(e)(1)." at the end thereof and inserting in lieu thereof "(c)(1); and"; and

(ii) by adding a new paragraph (3) at the end thereof to read as follows

"(3) any amount appropriated in excess of \$19,606,000 shall be available--

"(A) for the purpose of making grants in equal amounts not to exceed \$500,000, to institutions or programs described in paragraph (Q) of subsection (e)(1); and

“(B) secondly for the purpose of making grants to institutions or programs described in subparagraphs (A) through (Q) of subsection (e)(1).”;

(12) by amending part C to read as follows--

“PART C -- HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING

“FINDINGS

“SEC. 331. The Congress finds that--

“(1) a significant part of the Federal mission in education has been to attain equal opportunity in higher education for low-income, educationally disadvantaged Americans and African Americans;

“(2) the Nation's historically Black colleges and universities have played a prominent role in American history and have an unparalleled record of fostering the development of African American youth by recognizing their potential, enhancing their academic and technical skills, and honing their social and political skills through higher education;

“(3) the academic and residential facilities on the campuses of all historically Black colleges and universities have suffered from neglect or deferred maintenance and are in need of capital improvements in order to provide appropriate settings for learning and social development through higher education;

“(4) due to their small enrollments, limited endowments, and other financial factors normally considered by lenders in construction financing, historically Black colleges and universities lack access to the sources of funding necessary to undertake the necessary capital improvements through borrowing and bond financing;

“(5) despite their track record of long-standing and remarkable institutional longevity and viability, historically Black colleges and universities lack the financial resources necessary to gain access to traditional sources of capital financing, such as bank loans and bond financing; and

“(6) Federal assistance to facilitate low-cost capital basis for historically Black colleges and universities will enable such colleges and universities to continue and expand their educational mission and enhance their significant role in American higher education.

“DEFINITIONS

“SEC. 332. For the purposes of this part:

"(1) The term "eligible institution" means a "part B institution" as that term is defined in section 322(2) of the Higher Education Act of 1965.

"(2) The term "loan" means a loan made to an eligible institution under the provisions of this part and pursuant to an agreement with the Secretary.

"(3) The term "qualified bond" means any obligation issued by the designated bonding authority at the direction of the Secretary, the net proceeds of which are loaned to an eligible institution for the purposes described in section 333(b).

"(4) The term "funding" means any payment under this part from the Secretary to the eligible institution or its assignee in fulfillment of the insurance obligations of the Secretary pursuant to an agreement under section 333.

"(5)(A) The term "capital project" means, subject to section 334(b), the repair, renovation, or, in exceptional circumstances, the construction or acquisition, of--

"(i) any classroom facility, library, laboratory facility, dormitory (including dining facilities) or other facility customarily used by colleges and universities for instructional or research purposes or for housing students, faculty, and staff;

"(ii)(I) facilities for administration of educational programs;

"(II) maintenance, storage, or utility facilities essential to the operation of a capital project;

"(III) facilities designed to provide primarily outpatient care of students and faculty;

"(IV) student centers or student unions; or

"(V) other essential service facilities;

"(iii) instructional equipment, research instrumentation, and capital equipment or fixtures related to facilities described in clause (i);

"(iv) any other facility, equipment or fixture that is essential to the maintaining of accreditation of the member institution by a nationally recognized accrediting agency or association; and

"(v) any real property or interest therein underlying facilities described in clauses (i), (ii), or (iv).

"(B) The term "capital project" shall not include--

"(i) any facility intended primarily for events for which admission is to be charged to the general public;

"(ii) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Secretary finds that the physical integration of such facilities with other "capital projects" included under this part is required to carry out the objectives of this part;

"(iii) any facility used, or to be used, for sectarian instruction or as a place for religious worship; or

"(iv) any facility that (although not a facility described in the preceding clause) is used, or to be used, primarily in connection with any part of the program of a school or department of divinity.

"(6) The term "interest" includes accredited value or any other payment constituting interest on an obligation.

"(7) The term "outstanding", when used with respect to bonds, shall not include bonds the payment of which shall have been provided for by the irrevocable deposit in trust of obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make payments on such bonds.

"(8) The term "designated bonding authority" means the private, for-profit corporation selected by the Secretary for the purpose of issuing taxable construction bonds in furtherance of the purposes of this part.

"(9) The term "Advisory Board" means the Advisory Board established by section 337 of this part.

FEDERAL INSURANCE FOR BONDS

"SEC. 333. (a) GENERAL RULE.--Subject to the limitations in section 334, the Secretary is authorized to enter into insurance agreements to provide financial insurance to guarantee the full payment of principal and interest on qualified bonds upon the conditions set forth in subsections (b), (c), and (d).

"(b) RESPONSIBILITIES OF THE DESIGNATED BONDING AUTHORITY.--The Secretary may not enter into an insurance agreement described in subsection (a) unless the Secretary designates a qualified bonding authority and the designated bonding authority agrees in such agreement to--

"(1) use the proceeds of the qualified bonds, less costs of issuance not to exceed 2 percent of the principal amount thereof, to make loans to eligible institutions or for deposit into an escrow account for repayment of the bonds;

"(2) provide in each loan agreement with respect to a loan that not less than 95 percent of the proceeds of the loan will be used--

"(A) to finance the repair, renovation, and, in exceptional cases, construction or acquisition, of a capital project;

"(B) to refinance an obligation the proceeds of which were used to finance the repair, renovation, and, in exceptional cases, construction or acquisition, of a capital project;

"(3)(A) charge such interest on loans, and provide for such a schedule of repayments of loans, as will, upon the timely repayment of the loans, provide adequate and timely funds for the payment of principal and interest on the bonds; and

"(B) require that any payment on a loan expected to be necessary to make a payment of principal and interest on the bonds be due not less than 60 days prior to the date of the payment on the bonds for which such loan payment is expected to be needed;

"(4) prior to the making of any loan, provide for a credit review of the institution receiving the loan and assure the Secretary that, on the basis of such credit review, it is reasonable to anticipate that the institution receiving the loan will be able to repay the loan in a timely manner pursuant to the terms thereof;

"(5) provide in each loan agreement with respect to a loan that, if a delinquency on such loan results in a funding under the insurance agreement, the institution obligated on such loan shall repay the Secretary, upon terms to be determined by the Secretary, for such funding;

"(6) assign any loans to the Secretary, upon the demand of the Secretary, if a delinquency on such loan has required a funding under the insurance agreement;

"(7) in the event of a delinquency on a loan, engage in such collection efforts as the Secretary shall require for a period of not less than 45 days prior to requesting a funding under the insurance agreement;

"(8) establish an escrow account--

"(A) into which each eligible institution shall deposit 10 percent of the proceeds of any loan made under this part; and

"(B) the balance of which--

(i) shall be available to the Secretary to pay principal and interest on the bonds in the event of delinquency in loan repayment; and

(ii) when all bonds under this part are retired or canceled, shall be divided among the eligible institutions making deposits into such account on the basis of the amount of each such institution's deposit,

"(9) provide in each loan agreement with respect to a loan that, if a delinquency on such loan results in amounts being withdrawn from the escrow account to pay principal and interest on bonds, subsequent payments on such loan shall be available to replenish such escrow account;

"(10) comply with limitations set forth in section 334 of this part; and

"(11) make loans only to eligible institutions under this part in accordance with regulations prescribed by the Secretary to ensure that loans are fairly allocated among as many eligible institutions as possible, consistent with making loans of amounts that will permit capital projects of sufficient size and scope to significantly contribute to the educational program of the eligible institutions.

"(c) ADDITIONAL AGREEMENT PROVISIONS.—Any insurance agreement described in subsection (a) of this section shall provide as follows:

"(1) The payment of principal and interest on bonds shall be insured by the Secretary until such time as such bonds have been retired or canceled.

"(2) The Federal liability for delinquencies and default for bonds guaranteed under this part shall only become effective upon the exhaustion of all the funds held in the escrow account described in subsection (b)(8).

"(3) The Secretary shall create a letter of credit authorizing the Department of the Treasury to disburse funds to the designated bonding authority or its assignee.

"(4) The letter of credit shall be drawn upon in the amount determined by paragraph (5) of this subsection upon the certification of the designated bonding authority to the Secretary or the Secretary's designee that there is a delinquency on 1 or more loans and there are insufficient funds available from loan repayments and the escrow account to make a scheduled payment of principal and interest on the bonds.

"(5) Upon receipt by the Secretary or the Secretary's designee of the certification described in paragraph (4) of this subsection, the designated bonding authority may draw a funding under the letter of credit in an amount equal to--

"(A) the amount required to make the next scheduled payment of principal and

interest on the bonds, less

"(B) the amount available to the designated bonding authority from loan repayments and the escrow account.

"(6) All funds provided under the letter of credit shall be paid to the designated bonding authority within 2 business days following receipt of the certification described in paragraph (4).

"(d) FULL FAITH AND CREDIT PROVISIONS.--Subject to section 333(c)(1), the full faith and credit of the United States is pledged to the payment of all funds which may be required to be paid under the provisions of this section.

"(e) BOND SALES.--Notwithstanding any other provision of law, qualified bonds guaranteed under this part may be sold to any party that offers terms that the Secretary determines in his discretion are in the best interests of the eligible institution.

"LIMITATIONS ON FEDERAL INSURANCE FOR BONDS ISSUED BY THE DESIGNATED BONDING AUTHORITY

"SEC. 334. (a) LIMIT ON AMOUNT.--(1) At no time shall the aggregate principal amount of outstanding bonds insured under this part together with any accrued unpaid interest thereon exceed \$375,000,000, of which--

"(A) not more than \$250,000,000 shall be used for loans to eligible institutions that are private historically Black colleges and universities; and

"(B) not more than \$125,000,000 shall be used for loans to eligible institutions which are historically Black public colleges and universities.

"(2) For purposes of paragraphs (1)(A) and (B), Lincoln University of Pennsylvania is an historically Black public institution. No institution of higher education that has received assistance under section 8 of the Act of March 2, 1867 (20 U.S.C. 123) shall be eligible to receive assistance under this part.

"(b) LIMITATION ON CREDIT AUTHORITY.--The authority of the Secretary to issue letters of credit and insurance under this part is effective only to the extent provided in advance by appropriations Acts.

"(c) RELIGIOUS ACTIVITY PROHIBITION.--No loan may be made under this part for any educational program, activity or service related to sectarian instruction or religious worship or provided by a school or department of divinity or to an institution in which a substantial portion of its functions is subsumed in a religious mission.

"(d) DISCRIMINATION PROHIBITION.--No loan may be made to an institution under this part if the institution discriminates on account of race, color, religion, national origin, sex (to the extent provided in title IX of the Education Amendments of 1972), age, or disabling condition; except that the prohibition with respect to religion shall not apply to an institution which is controlled by or which is closely identified with the tenets of a particular religious organization if the application of this section would not be consistent with the religious tenets of such organization.

"AUTHORITY OF THE SECRETARY

"SEC. 335. In the performance of, and with respect to, the functions vested in the Secretary by this part, the Secretary--

"(1) may sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and any action instituted under this section by or against the Secretary shall survive notwithstanding any change in the person occupying the office of the Secretary or any vacancy in such office;

"(2)(A) may foreclose on any property and bid for and purchase at any foreclosure, or any other sale, any property in connection with which the Secretary has been assigned a loan pursuant to this part; and

"(B) in the event of such an acquisition, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property, except that--

"(i) such action shall not preclude any other action by the Secretary to recover any deficiency in the amount of a loan assigned to the Secretary; and

"(ii) any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

"(3) may sell, exchange, or lease real or personal property and securities or obligations; and

"(4) may include in any contract such other covenants, conditions, or provisions necessary to ensure that the purposes of this part will be achieved.

"HBCU CAPITAL FINANCING ADVISORY BOARD

"SEC. 336. (a) ESTABLISHMENT AND PURPOSE.--There is established within the Department of Education, the Historically Black College and Universities Capital Financing Advisory

Board (hereinafter in this part referred to as the "Advisory Board") which shall provide advice and counsel to the Secretary and the designated bonding authority as to the most effective and efficient means of implementing construction financing on African American college campuses, and advise the Congress of the United States regarding the progress made in implementing this part. The Advisory Board shall meet with the Secretary at least twice each year to advise him as to the capital needs of historically Black colleges and universities, how those needs can be met through the program authorized by this part, and what additional steps might be taken to improve the operation and implementation of the construction financing program.

"(b) BOARD MEMBERSHIP.--(1) COMPOSITION.--The Advisory Board shall be appointed by the Secretary and shall be composed of 9 members as follows:

"(A) The Secretary or the Secretary's designee.

"(B) Three members who are presidents of private historically Black colleges and universities.

"(C) Two members who are presidents of public historically Black colleges and universities.

"(D) The president of the United Negro College Fund, Inc.

"(E) The president of the National Association for Equal Opportunity in Higher Education.

"(F) The executive director of the White House Initiative on historically Black colleges and universities.

"(2) TERMS.--The term of office of each member appointed under paragraphs (1)(B) and (1)(C) shall be 3 years, except that--

"(A) of the members first appointed pursuant to paragraphs (1)(B) and (1)(C), 2 shall be appointed for terms of 1 year, and 3 shall be appointed for terms of 2 years.

"(B) members appointed to fill a vacancy occurring before the expiration of a term of a member shall be appointed to serve the remainder of that term; and

"(C) a member may continue to serve after the expiration of a term until a successor is appointed.

"MINORITY BUSINESS ENTERPRISE UTILIZATION.

"SEC. 337. To the maximum extent feasible in the implementation of the purposes of this part,

minority business persons, including bond underwriters and credit enhancers, bond counsel, marketers, accountants, advisors, construction contractors, and managers should be utilized.

**"CONTINUATION OF INSTITUTIONAL AWARDS UNDER THE ENDOWMENT
CHALLENGE GRANTS PROGRAM**

"SEC. 338. The Secretary shall, as appropriate, continue to monitor awards to recipients under part C, the Endowment Challenge Grants program, of this title as it was in effect prior to the enactment of the Higher Education Act Amendments Act of 1997.";

(13) in section 351, by adding a new subsection (e) to read as follows:

"(e) LIMITATION ON MULTIPLE GRANTS.—Any institution, that is otherwise eligible to receive a grant under one or more of parts A, B, D, or E, may not be funded under more than one of those parts in any fiscal year.";

(14) in section 352—

(A) in subsection (a)—

(i) in paragraph (5), at the end thereof, by striking out "or";

(ii) by redesignating paragraph (6) as paragraph (7); and

(iii) by inserting after paragraph (5) a new paragraph (6) to read as follows:

"(6) that is a tribally controlled community college as defined in the Tribally Controlled Community College Act of 1978, as amended; or";

(B) in subsection (b)—

(i) by inserting "(A)" after the paragraph designation "(1)"; and

(ii) by inserting at the end of paragraph (1)(A) a new paragraph (B) to read as follows:

"(B) In making a waiver determination under subparagraph (A), the Secretary may consider one or more of the following factors as distorting an institution's educational and general expenditures per full-time equivalent undergraduate student:

"(i) low student enrollment.

“(ii) the location of the institution in an unusually high cost-of-living area.

“(iii) high energy costs.

“(iv) an increase in State funding that was part of a desegregation plan for higher education.

“(v) the operation of high cost professional schools such as medical or dental schools; and

“(vi) the institution's status as a tribally controlled community college.”;

(15) in section 356--

(A) by amending subsection (a) to read as follows:

“(a) ASSISTANCE ELIGIBILITY--Each institution that the Secretary determines to be an institution eligible to receive a grant under either parts A, B, D, and E of this title may be eligible for waivers in accordance with subsection (b).”;

(16) in section 360--

(A) by amending subsection (a) to read as follows--

“(a) AUTHORIZATIONS—(1) There are authorized to be appropriated \$80,000,000 for fiscal year 1999 and such sums as may be necessary for each of the four succeeding fiscal years to carry out part A.

“(2) There are authorized to be appropriated \$130,000,000 for fiscal year 1999 and such sums as may be necessary for each of the four succeeding fiscal years to carry out part B.

“(3) There are authorized to be appropriated such sums as may be necessary for each of fiscal years 1998 through 2002 to carry out part C.”;

“(4) There are authorized to be appropriated \$24,000,000 for fiscal year 1999 and such sums as may be necessary for each of the four succeeding to carry out part D.

“(5) There are authorized to be appropriated \$5,000,000 in fiscal year 1999 and such sums as may be necessary for each of the four succeeding to carry out part E.

“(6) There are authorized to be appropriated \$10,000,000 for fiscal year 1999 and

such sums as may be necessary for each of the four succeeding to carry out part F."; and

(B) by adding a new subsection (f) to read as follows:

"(f) ADMINISTRATIVE RESERVATIONS.--(1) In any fiscal year beginning after September 30, 1998, from the amounts appropriated for each part under this title, the Secretary may use no more than one and one half percent of such amounts to obtain qualified readers and staff to review applications, to increase the level of oversight and monitoring, and to provide technical assistance to potential applicants and current grantees.

"(2) In any fiscal year beginning after September 30, 1998, from the amounts appropriated under this title, the Secretary may use no more than one half of one percent of such amounts to support impact studies.";

(17) in part D--

(A) by redesignating part D as part G; and

(B) by redesignating sections 351 through 360 as sections 381 through 390 respectively;

(18) by adding new parts D, E, and F to read as follows:

"PART D-STRENGTHENING HISPANIC-SERVING INSTITUTIONS

"FINDINGS; PURPOSE

"SEC. 351. (a) FINDINGS.--The Congress finds that:

" (1) Currently, educational attainment for many Hispanic Americans is very low. Hispanics are the most under-educated group in the U.S. Hispanics, compared to other groups, enter school later and leave it earlier. Hispanics are less likely to complete high school or to enter or complete college. Currently, Hispanics have one of the lowest college enrollment rates of any ethnic group.

"(2) Hispanic student enrollment and graduation rates are not keeping pace with the Hispanic American presence in the general population nor with the available pool of Hispanic high school graduates.

"(3) In 1994 there were 30 million Hispanic Americans living in the Continental U.S. By the year 2000, Hispanic children will make up the greatest proportion of minority children under the age of 18. By the year 2010, Hispanic Americans will be the largest minority group in the United States (over 40.5 million, 13.5 percent of the population). By the year 2030, the Bureau of Census

projects that Hispanic students age 5-18 will number almost 16 million (25 percent of the total school population). Projections for the year 2050 predict that Hispanic Americans will comprise 25 percent of the total population of this country, and will therefore be the largest population group in the Nation.

"(4) One-third of all Hispanic American students in higher education are enrolled in less than 189 two-and four-year institutions of higher education in the United States and Puerto Rico, know as Hispanic-serving institutions.

"(5) In 1994 about half of all Hispanic Americans enrolled in postsecondary education were enrolled in two year community colleges.

"(6) From 1973 to 1994, the overall number of high school graduates enrolled in a four-year institution doubled, from 16 to 31 percent. The percentages of both whites and blacks enrolled at those institutions also more than doubled within the same period. Black enrollment increased from 13 to 25% and white enrollment increased from 16 to 33 percent. College-bound Hispanics in four-year institutions, however, increased only from 13 to 20 %.

"(7) The total proportion of bachelors degrees for Hispanic Americans has risen only slightly (from 2.8% in 1985 to 4.8% in 1995) since the 1980s, even though Hispanic student enrollment has modestly increased (from 4.5% in 1984 to 7.9% in 1995).

"(8) In 1994-1995, Hispanics earned 6% of all associate degrees (earning 2.1% of the agriculture and natural resources degrees, 3.7% of the health professions and related science degrees, and 4.3% of the communications degrees), 4.8% of all bachelor degrees (earning 2% of the communications technologies BA degrees, 2.7% of the physical sciences and science technologies BA degrees, and 3.3% of the health professions and related sciences degrees), 3% of all masters degrees (earning 2.4% of the mathematics MA degrees, 2.4% of the library science MA degrees, and 2.9% of the agriculture and natural resources degrees), and 2% of all PhDs (earning 1.2% of the computer and information sciences Ph.Ds, 1.9% of the engineering Ph.Ds, and 2.1% of the mathematics Ph.Ds).

"(9) In October 1993, the dropout rate for Hispanic 16-24 year olds was 28 percent, double the rate for blacks (14%) and more than three times the rate for whites (8%) in the same group. In 1994, the Hispanic dropout rate rose to 30%.

"(10) Increasing enrollments of Hispanic and other students at these institutions have stretched resources and challenged faculty and staff.

"(11) Steps must be taken to help Hispanic-serving institutions of higher education increase the quality and condition of higher education opportunities for their students.

"(12) Enrollment in Hispanic-serving institutions is open to all students. Therefore

these programs benefit students from all racial and ethnic groups.

"(b) PURPOSE.--It is the purpose of this part to improve the academic quality, technological capacity, institutional management, and fiscal stability of eligible Hispanic-serving institutions of higher education in order to strengthen their ability to make a substantial contribution to the higher education resources of the Nation.

"PROGRAM AUTHORIZED

"SEC. 352.(a) IN GENERAL.--From the sums available for this part under section 390(a)(4) for any fiscal year, the Secretary may award grants to Hispanic-serving institutions of higher education that have an application approved under section 356 in order to assist such institution to plan, develop, and implement activities that promise to strengthen the institution.

"(b) DURATION.--Grants under this part shall not exceed five years.

"(c) LIMITATIONS.--Hispanic-serving institutions awarded a grant under this part, other than under sections 355 or 384(a)(1), shall not be eligible for another grant under this part for two consecutive years following the completion of the last grant it received under this part.

"(d) SPECIAL CONSIDERATION.--In making awards under this part the Secretary shall give special consideration to any Hispanic-serving institution--

"(1) that has endowment funds (other than any endowment fund built under section 332 of this Act as in effect on September 30, 1986, and under part B) the market value of which, per full-time equivalent student, is less than the average current market value of the endowment funds, per full-time equivalent student (other than any endowment fund built under section 332 of this Act as in effect on September 30, 1986, and under part B) at similar institutions, and

"(2) that has expenditures, per full-time equivalent student, for library materials that is less than the average of the expenditures for library materials, per full-time equivalent student, by other similarly situated institutions.

"DEFINITIONS

"SEC. 353.(a) IN GENERAL.--The definitions of terms in section 312(a), (c), (d), and (e) of this Act shall apply in this part, as appropriate.

"(b) PROGRAM SPECIFIC DEFINITIONS.--For the purposes of this part--

"(1) the term "Hispanic-serving institution" means an institution of higher education that--

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

"(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students; and

"(C) provides an assurance that not less than 50 percent of its Hispanic students are low-income individuals who are first generation college students;

"(2) the term "first generation college student" means--

"(A) an individual both of whose parents did not complete a baccalaureate degree; or

"(B) in the case of any individual who regularly resided with, and received support, from only one parent, an individual whose only such parent did not complete a baccalaureate degree; and

"(3) the term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

"AUTHORIZED ACTIVITIES

"SEC. 354. (1) Funds awarded under section 352(a) shall be used by Hispanic-serving institutions for one or more of the following:

"(A) acquisition of scientific or laboratory equipment for educational purposes, including research and instructional purposes.

"(B) the renovation and improvement of classroom, library, laboratory, and other instructional facilities.

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

"(D) curriculum development and academic instruction.

"(E) the acquisition of library books, periodicals, microfilm, and other educational materials.

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

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

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

"(I) establishment or improvement of an endowment fund.

"(2)(A) An Hispanic-serving institution may not use more than 20 percent of its grant under this part for any fiscal year to establish or improve an endowment fund; and

"(B) In order for an Hispanic-serving institution to use its funds under this part to establish or improve an endowment fund, it shall provide an institutional match, using non-Federal funds, that is at least equal to one dollar of institutional funds for every two dollars of the grant funds.

" PLANNING GRANTS

"SEC. 355. The Secretary may award a grant under this part to an Hispanic-serving institution for a period of one year for the purpose of preparing a technological needs assessment, plan, and application for a grant under section 352(a).

"APPLICATIONS

Section 356. (a) APPLICATIONS.--Each Hispanic-serving institution desiring to receive assistance under this part shall submit an application in accordance with the requirements of section 381.

"(b) ADDITIONAL INFORMATION.--For purposes of this part, an application under subsection (a) shall also include--

"(1) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic and other low income students; and

"(2) measurable goals for the institution's proposed activities, including a plan of how the applicant intends to achieve those goals.

"(c) PRIORITY.--The Secretary shall give priority to applications that strengthen the technological capabilities of Hispanic-serving institutions as determined by the Secretary.

"PART E --STRENGTHENING TRIBAL COLLEGES AND UNIVERSITIES

"FINDINGS; PURPOSE

"SEC. 361. (a) FINDINGS.--The Congress finds that:

"(1) Indian tribes are domestic dependent nations under the protection of the United States, and that as governments, Indian tribes have the authority to administer educational

institutions.

"(2) Historically, the education system in the United States has encouraged American Indian and Alaska Native students to forgo their Native language and culture in favor of Western language and culture, and those educational practices have been damaging Indian students and their communities.

"(3) In general, American Indian and Alaska Native students have a lower economic status than students in the Nation as a whole; and roughly twice as many American Indian and Alaska Native youth live below the poverty line as youth in the general population.

"(4) In general, American Indian and Alaska Native youth have a lower educational attainment level than youth in the Nation as a whole, and only 8.9% of American Indian and Alaska Native students earn a four-year bachelor's degree or higher compared to 20.3% in the Nation as a whole.

"(5) Tribal Colleges and Universities have been established by tribal governments to make post-secondary educational opportunities available in Native American communities, including GEDs; remedial instruction; and academic, vocational, and technical programs similar to those offered by public and private colleges and universities.

"(6) Tribal Colleges and Universities are well-suited to serve Native American communities because they are physically located in the communities that they serve and are attuned to Native languages and cultures.

"(7) Tribal Colleges and Universities are important centers for learning Native languages and cultures that fulfill a vitally important mission in preserving unique and valuable information concerning Native languages and cultures.

"(8) Tribal Colleges and Universities have been hampered by a lack of adequate and stable funding resources because, unlike State land grant institutions, they do not have large resource bases to draw on, and they generally do not receive State funding. This lack of funding seriously threatens the continued viability of some of these institutions.

"(9) Based on the United States' unique trust responsibility to Native Americans, financial assistance to establish, support, and strengthen the physical plants, financial management, academic resources, and endowments of the Tribal Colleges and Universities is appropriate to enhance these institutions and to expand their capacity to serve Native American students.

"(b) PURPOSE.—It is the purpose of this part to improve the academic quality, technological capacity, institutional management, and fiscal stability of eligible Tribal Colleges and Universities in order to strengthen their ability to make a substantial contribution to the higher education resources of the Nation.

"PROGRAM AUTHORIZED

"SEC. 362. (a) IN GENERAL.—From the sums available for this part under section 390(a)(6) for any fiscal year, the Secretary may award grants to Tribal Colleges and Universities that have an application approved under section 381 in order to assist such institutions plan, develop, and implement activities that promise to strengthen the institution.

"(b) DURATION.—Grants under this part shall not exceed five years.

"(c) ELIGIBILITY.—To be eligible to receive assistance under this part, a Tribal College or University must—

"(1) be an eligible institution under section 312(b); and

"(2) meets the definition of Tribal College or University under section 363(3).

"(d) LIMITATIONS.—A Tribal College or University awarded a grant under this part, other than under sections 374 or 384(a)(1), shall not be eligible for another grant under this part for two consecutive years following the completion of the last grant it received under this part.

"(e) SPECIAL CONSIDERATIONS.—In making awards under this part, the Secretary shall give special consideration to any Tribal College or University—

"(1) that has endowment funds (other than any endowment fund built under section 332 of this Act as in effect on September 30, 1986, and under part B) the market value of which, per full-time equivalent student, is less than the average current market value of the endowment funds, per full-time equivalent student (other than any endowment fund built under section 332 of this Act as in effect on September 30, 1986, and under part B) at similar institutions; and

"(2) that has expenditures, per full-time equivalent student, for library materials that is less than the average of the expenditures for library materials, per full-time equivalent student, by other similarly situated institutions.

"DEFINITIONS

"SEC. 363. For the purposes of this part—

"(1) The term "Indian" means a person who is a member of an Indian tribe as defined herein;

"(2) The term Indian tribe means any Indian or Alaska Native tribe, band, nation, pueblo, village or community that the Secretary of the Interior acknowledges to exist as an Indian tribe under the Federally Recognized Indian Tribe List Act, 25 U.S.C. 479a;

"(3) The term "Tribal College and University" means an institution--

"(A) cited in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note);

"(B) any other institution that qualifies for funding under the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 et seq.); or

"(C) that is a Navajo Community College, authorized in the Navajo Community College Assistance Act of 1978 (25 U.S.C. 640a note); and

"(4) The term "institution of higher education" means an institution of higher education as defined by section 1201(a) of this Act.

"AUTHORIZED ACTIVITIES

"SEC. 364. (1) Grants under this part shall be used by Tribal Colleges and Universities for one or more of the following:

"(A) the acquisition of scientific or laboratory equipment for educational purposes, including research and instructional purposes.

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

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

"(D) curriculum development and academic instruction.

"(E) the acquisition of library books, periodicals, microfilm, and other educational materials.

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

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

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

"(I) investing in the technological improvement of the institution's administration of funds made available to students under title IV of the Act;

"(I) the establishment or improvement of an endowment fund.

"(2)(A) a Tribal College or University may not use more than 20 percent of its grant under this part for any fiscal year to establish or improve an endowment fund.

"(B) In order for a Tribal College or University to use its funds under this part to establish or improve an endowment fund, it shall provide an institutional match, using non-Federal funds, that is at least equal to one dollar of institutional funds for every two dollars of the grant funds.

"PLANNING GRANTS

"SEC. 365. The Secretary may award a grant under this part to a Tribal College or University for a period of one year for the purpose of preparing a technological needs assessment, plan, and application for a grant under section 362(a).

"APPLICATIONS

Section 366. (a) APPLICATIONS.--Each Tribal College or University desiring to receive assistance under this part shall submit an application to the Secretary in accordance with the requirements of section 381.

"(b) ADDITIONAL INFORMATION.--For purposes of this part, an application under subsection (a) shall also include--

"(1) a 5-year plan for improving the assistance provided by the Tribal College or University to Indian students; and

"(2) measurable goals for the institution's proposed activities, including a plan of how the applicant intends to achieve those goals.

"(c) PRIORITY.--The Secretary shall give priority to applications that strengthen the technological capabilities of Tribal Colleges and Universities as determined by the Secretary.

"PART F--MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAMS

"PURPOSE, PROGRAM AUTHORIZATION

"SEC. 371. (a) PURPOSE.--It is the purpose of this part to continue the authority of the Department to operate the Minority Institutions Science Improvement Program created under section 3(a)(1) of the National Science Foundation Act of 1950 and transferred to the Department by section 304(a)(1) of the Department of Education Organization Act.

"(b) PROGRAM AUTHORIZED.--The Secretary shall, in accordance with the provisions of this part, carry out a program of making grants to institutions of higher education that are designed to effect long-range improvement in science and engineering education at predominantly minority institutions and to increase the participation of underrepresented ethnic minorities, particularly minority women, in scientific and technological careers.

"GRANT RECIPIENT SELECTION

"SEC. 372.(a) ESTABLISHMENT OF CRITERIA--Grants under this part shall be awarded on the basis of criteria established by the Secretary by regulations.

"(b) PRIORITIES.--The Secretary shall give priority to applicants that have not previously received funding from the Minority Institutions Science Improvement Program and to previous grantees with a proven record of success, as well as to applications that contribute to achieving balance among projects with respect to geographic region, academic discipline, and project type.

"(c) CRITERIA--In establishing criteria under subsection (a), the Secretary may consider the following selection criteria in making grants:

- "(1) plan of operation.**
- "(2) quality of key personnel.**
- "(3) budget and cost effectiveness.**
- "(4) evaluation plan.**
- "(5) adequacy of resources.**
- "(6) identification of need for the project.**
- "(7) potential institutional impact of the project.**
- "(8) institutional commitment to the project.**
- "(9) expected outcomes.**
- "(10) scientific and educational value of the proposed project.**

"USE OF FUNDS

"SEC. 373.(a) TYPES OF GRANTS.--Funds under this part may be made available as--

"(1) institutional grants (as defined in section 1046(6));

"(2) cooperative grants (as defined in section 1046(7));

"(3) design projects (as defined in section 1046(8)); or

"(4) special projects (as defined in section 1046(9).

"(b) AUTHORIZED USES FOR EACH TYPE OF GRANT --(1) The authorized uses of funds made available as institutional grants include (but are not limited to)--

"(A) faculty development programs; and

"(B) development of curriculum materials.

"(2) The authorized uses of funds made available as cooperative grants include (but are not limited to)--

"(A) assisting institutions in sharing facilities and personnel;

"(B) disseminating information about established programs in science and engineering;

"(C) supporting cooperative efforts to strengthen the institution's science and engineering programs; and

"(D) carrying out a combination of any of the activities in subparagraphs (A) through (C).

"(3)(A) The authorized uses of funds made available as design projects include (but are not limited to)--

"(i) developing planning, management, and evaluation systems; and

(ii) developing plans for initiating scientific research and for improving institutions' capabilities for such activities.

"(B) Funds used for design project grants may not be used to pay more than 50 percent of the salaries during any academic year of faculty members involved in the project.

"(4) The authorized uses of funds made available as special projects include (but are not limited to)--

"(A) advanced science seminars;

"(B) science faculty workshops and conferences;

"(C) faculty training to develop specific science research or education skills;

"(D) research in science education;

"(E) programs for visiting scientists;

"(F) preparation of films or audio-visual materials in science;

"(G) development of learning experiences in science beyond those normally available to minority undergraduate students;

"(H) development of pre-college enrichment activities in science; and

"(I) any other activities designed to address specific barriers to the entry of minorities into science.".

SEC. —. Titles VII and X of the Act are repealed.

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