

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2669), to provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

Section 1. Short Title.

The House bill's short title is the "College Cost Reduction Act."

The Senate amendment provides that the Act may be cited as the "Higher Education Access Act of 2007" and that, unless otherwise indicated, references in the bill are made to the Higher Education Act of 1965.

The House recedes with an amendment to provide a new short title of the "College Cost Reduction and Access Act." The Conferees adopt the Senate amendment as amended by the House.

TITLE I- GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

Section 101. Tuition Sensitivity.

The House bill (Sec. 101) eliminates the Pell grant "tuition sensitivity" provision that prevents low-income students attending low-cost institutions, such as community colleges, to benefit fully from the Pell Grant. Authorizes and appropriates \$5,000,000 for fiscal year 2008.

The Senate amendment (Sec. 101) also eliminates the Pell grant "tuition sensitivity" provision and authorizes and appropriates \$5,000,000 for fiscal year 2008.

The House and the Senate recede with an amendment to authorize and appropriate \$11,000,000 for fiscal year 2008 to ensure that all eligible students in award year 2007-2008 receive funding. The Conferees concur and adopt the amendment.

Section 102. Mandatory Pell Grant Increases.

The House bill (Sec. 101) authorizes and appropriates new mandatory funding to increase the maximum Pell grant award, above the appropriated level, by: \$200 in 2008-09; \$200 in 2009-10; \$300 in 2010-11; \$500 in 2011-12; and \$500 in 2012 and each subsequent award year.

The Senate amendment (Sec. 102) creates “Promise grants” – a new grant program for low-income, Pell-eligible students to be established in addition to the Pell grant program. Promise grants shall be awarded in the same way Pell grants are awarded, except that they shall be awarded only to students who are already eligible for Pell grants. Grants shall be awarded to those students with the greatest need, as determined under Section 471. Grants awarded under this subsection shall be used to supplement and not supplant other Federal, State and institutional grant funds. The Senate amendment authorizes and appropriates new mandatory funding to increase the maximum Pell grant award, above the appropriated level, by: \$790 in 2008-09; \$890 in 2009-10; \$990 in 2010-11; \$1,090 in 2011-12; and \$1,090 in 2012.

The House and Senate recede with an amendment that provides new mandatory funding for Pell grants and makes the following increases in the Pell maximum under current law:

- \$490 in 2008-2009 and 2009-2010;
- \$690 in 2010-2011 and 2011-2012; and
- \$1,090 in 2012-2013.

The Conferees concur and adopt the amendment as proposed by both the House and the Senate. Combined with an appropriated level of \$4,310, as it is in current law, the maximum Pell Grant award will reach \$4,800 in the 2008-2009 academic year, \$4,800 in the 2009-2010 academic year, \$5,000 in the 2010-2011 academic, \$5,000 in the 2011-2012 academic year, and \$5,400 in the 2012-2013 academic year.

The Conferees intend that in awarding the funds under this section, the Secretary shall determine the universe of students who are eligible to receive a Pell grant, without regard to this section, and award grants under this section only to such students. The Conferees further intend that the allocated funds for all academic years be distributed in the same manner as funds are awarded under the Pell grant program, in accordance with the eligibility determination, needs analysis formula and regulations used for the distribution of Pell grant awards from discretionary funds. The Conferees intend that students who receive a maximum Pell grant under the discretionary maximum award level will be eligible to receive the maximum award allowed under this section, and students who receive Pell grants that are less than the maximum under the discretionary funding would be eligible to receive grants under this section proportionate to the size of the Pell grant the student received under the discretionary funding level, in accordance with the Pell grant formula.

The Conferees intend that the funding provided in this section be used to supplement, and in no way supplant, current or future discretionary funding for the Pell grant program or increases in such funding.

Section 103. Upward Bound.

The House bill (Sec. 412) restricts the Secretary's use of funds for the purposes of evaluating and selecting participants of the Upward Bound program. The bill also provides an additional \$228 million to restore Upward Bound funding to unfunded programs from the FY07 competition.

The Senate amendment contains no similar provision.

The Senate recedes with an amendment to strike the provision that restricts the Secretary's use of funds for the purposes of evaluating and selecting participants of the Upward Bound Program. The Conferees adopt the provision in the House bill as amended by the Senate.

Section 104. TEACH Grants.

The House bill (Sec. 301) creates new TEACH Grants that provide up-front pre-paid tuition assistance of \$4,000/year (with a maximum of \$16,000) for high-achieving graduate and undergraduate students who commit to teaching a high-need subject in a high-need school for four years. Bonus grants are provided to students who are enrolled in a qualified teacher education program and teach in a science or mathematics field.

The Senate amendment contains no similar provision.

The Senate recedes with an amendment striking the bonus grants in the House proposal. The Conferees adopt the provision in the House bill as amended by the Senate.

The Conferees intend that the Department of Education may operate this program through a pre-existing office, and does not require the creation of a new office.

TITLE II- STUDENT LOAN BENEFITS, TERMS, AND CONDITIONS

Section 201. Interest Rate Reductions.

The House bill (Sec. 111) reduces interest rates on subsidized Stafford loans for undergraduates to 6.12 percent on July 1, 2008; 5.44 percent on July 1, 2009; 4.76 percent on July 1, 2010; 4.08 percent on July 1, 2011 and 3.4 percent on July 1, 2012.

The Senate amendment contains no similar provision.

The Senate recedes with an amendment, to reduce interest rates on subsidized Stafford loans for undergraduates to 6.0 percent on July 1, 2008; 5.6 percent on July 1, 2009; 4.5 percent on July 1, 2010; and 3.4 percent on July 1, 2011. The Conferees adopt the provision in the House bill as amended by the Senate.

Section 202. Student Loan Deferment for Certain Members of the Armed Forces.

The Senate amendment (Sec. 202) eliminates a three-year limitation on the period for which certain members of the armed forces may receive deferments on their student loan payments. It allows deferments until 180 days after such member is demobilized. It also provides that such

benefits are available regardless of when the student loan was originated. As in current law, members of the armed forces who qualify for this deferment are limited to those who are serving on active duty or performing qualifying National Guard duty during a war or other military operation in a national emergency.

The House bill contains no similar provision.

The House recesses.

Section 203. Income-Based Repayment.

The House bill (Sec. 133) builds on the tenets of the Income Contingent Repayment program by guaranteeing that all borrowers' loan payments will be limited to 15 percent of their discretionary income, or 15 percent of the amount by which a borrower's adjusted gross income exceeds 150 percent of the poverty line, divided by 12. Under this section, unpaid interest and principal are capitalized and any outstanding loan balance is forgiven after 20 years of repayment.

In the Senate amendment, unpaid interest on subsidized loans is paid or forgiven by the Secretary and outstanding loan balance is forgiven after 25 years of repayment. The amendment provides that borrowers repaying loans according to income-contingent repayment or income-sensitive repayment plans prior to enactment of this Act shall have the option of continuing to repay under the terms and conditions of those programs as they existed prior to enactment of this Act or may elect to use the income-based repayment plan created by this section.

The House and Senate recede with an amendment adopting the structure of the House proposal, and requiring the Secretary to pay any unpaid interest on subsidized loans for up to three years. The amendment also provides for loan forgiveness of unpaid principal balances after 25 years of repayment in the income-based repayment program. The Conferees adopt the provision as proposed by both the House and the Senate.

Section 204. Deferral of Loan Repayment Following Active Duty.

The House bill (Sec. 137) allows active duty members of the armed services, including members of the National Guard or other reserve component of the armed forces who were enrolled in college or left college within six months of deployment to receive extended repayment on loan terms of up to 13 months upon return from active duty.

The Senate amendment contains no similar provision.

The Senate recesses.

Section 205. Maximum Repayment Period.

The House bill (Sec. 136) amends provisions concerning the maximum repayment period in the income-contingent repayment program.

The Senate amendment contains no similar provision.

The Senate recesses.

TITLE III- FEDERAL FAMILY EDUCATION LOAN PROGRAM

Section 301. Guaranty Agency Collection Retention.

The House bill (Sec. 116) reduces the percentage which guaranty agencies shall be allowed to retain from payments made through collections on defaulted loans from 23 percent to 16 percent.

The Senate amendment (Sec. 302) contains the same provision.

The Conferees adopt the language of the identical provisions in both the House and Senate.

Section 302. Elimination of Exceptional Performer Status for Lenders.

The House bill (Sec. 114) eliminates the provision that allows lenders designated as “exceptional performers” to receive 99 percent insurance on defaulted loans if they are in full compliance with due diligence requirements.

The Senate amendment (Sec. 303) also eliminates the provision that allows lenders designated as “exceptional performers.” The Senate amendment makes the change effective October 1, 2007, except that lenders designated as exceptional performers as of that date shall be allowed to continue such designation for the remainder of the year for which the designation was made.

The House recesses.

In a July 26, 2007 report concerning the exceptional performer designation, the Government Accountability Office (GAO) found that the designation has not materially affected loan servicing, and that default claims have not declined as a result. In addition, GAO found that providing an extra 2 percent reimbursement rate for default claims serviced by exceptional performers is not in the fiscal interest of the federal government, because lenders are being paid a premium to perform due diligence activities that are already required of all lenders. Accordingly, GAO recommended that the exceptional performer designation be eliminated. The Conferees concur with the GAO recommendation and adopt the Senate amendment.

Sec. 303. Reduction of Lender Insurance Percentage.

The House bill (Sec. 115) reduces the insurance rate from 97 percent to 95 percent of the unpaid principal of such loans.

The Senate amendment (Sec. 301) maintains the level of insurance paid by the Federal government on defaulted loans guaranteed under title IV, currently set at 97 percent.

The House recedes with an amendment to reduce the lender insurance rate in 2013 to 95 percent. The Conferees adopt the Senate amendment as amended by the House.

Section 304. Definitions.

Economic Hardship

The House bill (Sec. 134) changes the definition of economic hardship to create a uniform definition that applies to all borrowers, based on income less than 150 percent of the poverty level for the borrower's family size.

The Senate amendment (Sec. 304) changes part of the definition of economic hardship to income less than 150 percent of the poverty level for the borrower's family size.

The Senate recedes.

Eligible Not-for-profit Holder

The House bill (Sec. 118) defines a not-for-profit holder for the purposes of determining which lenders qualify for the elimination of the origination fee. As such not-for-profit holders are defined as any holder that is a unit of a state or local government or a nonprofit private entity; and is not owned in whole or in part by, or controlled, by a for-profit entity.

The Senate amendment (Sec. 304) establishes a definition of eligible not-for-profit holder for the purposes of determining the special allowance payment for which a lender is eligible. Eligible not-for-profit holder means an eligible lender that is a State, or a political subdivision, authority, agency or other instrumentality thereof, or an entity with not-for-profit status under the tax code, or a trustee acting as an eligible lender on behalf of one of these entities. The amendment establishes that no eligible not-for-profit holder shall be owned or controlled, in whole or in part, by a for-profit entity, and that if an eligible not-for-profit holder sells loans on which the Secretary is paying the higher special allowance payment designated for eligible not-for-profit holders described in Section 305 of the Senate amendment, to a for-profit entity or an entity that is not an eligible not-for-profit holder, such loans shall from the date of sale instead receive the special allowance payment designated for other such lenders, as described in Section 305. The Senate amendment requires that the Secretary promulgate regulations implementing this provision no later than one year after the date of enactment.

The House recedes with an amendment (1) clarifying that an eligible not-for-profit holder will not be considered to be owned or controlled by a for-profit entity if an eligible lender trustee merely holds the loan in trust for the eligible not-for profit holder and does not receive any benefit from the loan beyond reasonable and customary fees; and (2) specifying that a not-for-profit entity on whose behalf a trustee is acting as an eligible lender will not be deemed owned or controlled by a for profit entity, as a result of granting a security interest in, or otherwise pledging as collateral, loans or the income from a loan to secure a debt obligation in the operation of the trustee relationship. The amendment also specifies that an eligible not-for-profit holder must have been in operation and serving as an eligible lender on the date of

enactment of the College Cost Reduction and Access Act, and that a trustee, in order to be an eligible not-for-profit lender, must be a trustee acting on behalf of such an eligible lender. The amendment specifies that a state may elect to waive this requirement for a new eligible not-for-profit holder determined by the State to be necessary to fill a public purpose, except that a state may not waive any of the requirements related to trustees.

The Conferees adopt the Senate amendment as amended by the House.

Section 305. Special Allowances.

Reduction of Lender Special Allowance Payments

The House bill (Sec. 113) reduces the special allowance payment rate for lenders, which is currently set for student loans at the Commercial Paper (CP) lending rate plus 1.74 percent while borrowers are in school or in a grace period, and CP plus 2.34 percent while borrowers are in repayment, and is currently set for PLUS loans at CP plus 2.64 percent, and for consolidation loans at CP plus 2.64 percent (less the 1.05 percent annual rebate fee). The House bill reduces these payment rates by 0.55 percentage points (or 55 basis points) for loans held by all lenders and equalizes the special allowance payment rate for Stafford and PLUS loans.

The Senate amendment (Sec. 305) reduces these payments for loans held by for-profit lenders by 0.50 percentage points (or 50 basis points), and by 0.35 percentage points (35 basis points) for loans held by not-for-profit lenders and equalizes the SAP rate for Stafford and PLUS loans.

The House recedes with an amendment that reduces the SAP payments by 40 basis points for non-profit lenders and by 55 basis points for all other lenders. The amendment also equalizes the SAP rate for Stafford and PLUS loans. The Conferees adopt the Senate amendment as amended by the House.

Increased Loan Fees from Lenders

The House bill (Sec. 118) increases the fee the Secretary shall collect under Section 438(d) of title IV on each loan disbursed from 0.50 percent to 1 percent for certain for-profit lenders. The fee is eliminated for non-profit lenders and small lenders, defined as those that collectively hold the lowest 15 percent of total loan volume.

The Senate amendment (Sec. 305) increases the fee the Secretary shall collect from all lenders under Section 438(d) of title IV on each loan disbursed from 0.50 percent to 1 percent.

The House recedes.

Section 306. Account Maintenance Fees.

The House bill (Sec. 117) reduces account maintenance fees from 0.1 percent to 0.06 percent.

The Senate amendment (Sec. 402) changes the method by which account maintenance fees are calculated from a calculation based on the total amount of loan principal to a per-loan basis.

The Senate recesses.

TITLE IV- LOAN FORGIVENESS

Section 401. Loan Forgiveness for Public Service Employees.

The House bill (Sec. 132) amends the current Income-Contingent Repayment program in the Direct Loan program to provide loan forgiveness for public sector employees. The change provides that the Secretary shall forgive the remaining loan balance on a loan under part D of title IV for a borrower who has been employed in a public sector job and has made payments on such loan for a period of ten years.

The Senate amendment (Sec. 401) creates a new loan forgiveness plan for public service employees. The plan provides that the Secretary shall forgive the remaining loan balance for a borrower who has been employed in a public sector job and has made payments on such loan for a period of ten years (which need not be consecutive). Such borrowers shall be eligible to have 1/10 of the remaining loan balance forgiven for each of the ten years in which the borrower earned \$65,000 or less.

The House recesses with an amendment to modify the definition of public service employees and eliminate the \$65,000 income cap.

The Conferees adopt the Senate amendment as amended by the House.

TITLE V- FEDERAL PERKINS LOANS

Section 501. Distribution of Late Collections.

The House bill (Sec. 141) provides \$100 million per year for the Perkins Loan Federal Contribution program for fiscal years 2008 – 2012.

The Senate amendment (Sec. 501) postpones the date on which institutions must return late collections on Perkins loans to the Secretary to September 30, 2012.

The House recesses.

TITLE VI – NEED ANALYSIS

Section 601. Support for Working Students.

The House bill (Sec. 102) includes provisions to increase students' eligibility for student aid, including the Pell grant, through phased-in increases in the Income Protection Allowance for all students. The protected income for unmarried independent students without dependents will be

\$6,690 by 2009. For dependent students the protected income will be \$3,750 by 2009. These amounts will increase by 10 percent each year until 2012.

The Senate amendment (Sec. 601) also increases the Income Protection Allowance in the following ways: (1) for dependent students, it increases the amount of the income protection allowance to \$3,750 for the 2009-2010 academic year; \$4,500 for the 2010-2011 academic year; \$5,250 for the 2011-2012 academic year; and \$6,000 for the 2012-2013 academic year; (2) for independent students without dependents other than a spouse, who are single, separated, or married with both spouses enrolled, it increases the amount of the income protection allowance to \$7,000 for the 2009-2010 academic year; \$7,780 for the 2010-2011 academic year; \$8,550 for the 2011-2012 academic year; and \$9,330 for the 2012-2013 academic year. For independent students without dependents other than a spouse, who are married and whose spouse is not enrolled, it increases the amount of the income protection allowance to \$11,220 for the 2009-2010 academic year; \$12,460 for the 2010-2011 academic year; \$13,710 for the 2011-2012 academic year; and \$14,690 for the 2012-2013 academic year. For independent students with dependents other than a spouse, it increases the amount of the income protection allowance as specified by the tables contained in this section, for a total increase of 50 percent over four years. Under this section, for all students, the income protection allowance reverts to current law after the 2012-2013 academic year.

The House recedes with an amendment to continue the changes beyond the 2012-2013 academic year. The Conferees adopt the Senate amendment as amended by the House.

Section 602. Simplified Needs Test and Automatic Zero Improvements.

Simplified Needs Test

The House bill (Sec. 103) extends the time that an individual who has participated in a federal means-tested benefit program can qualify for a simplified needs test to 24 months from 12 months, and allows dislocated workers to be eligible for the simplified application form.

The Senate amendment contains no similar provision.

The Senate recedes.

Automatic Zero

The House bill (Sec. 103) increases the family income level under which a student is automatically eligible for the maximum Pell grant, or the “auto-zero,” from the current level of \$20,000 to \$30,000 and indexes this level to the Consumer Price Index (CPI).

The Senate amendment (Sec. 602) also increases the family income level under which a student is automatically eligible for the maximum Pell grant to \$30,000.

The Senate recedes.

Section 603. Discretion of Student Financial Aid Administrators.

The House bill (Sec. 104) allows financial aid administrators to use discretion in calculating the expected student or family contribution in cases where a family member is a dislocated worker (as defined in section 101 of the Workforce Investment Act of 1998).

The Senate amendment (Sec. 603) clarifies and expands the conditions under which financial aid administrators may use discretion in calculating the expected student or family contribution to include an independent student's loss of employment or a change in a student's housing status that results in homelessness. The Senate amendment (Sec. 605) authorizes and appropriates \$10,000,000 for fiscal year 2008 to pay for the estimated increased cost in the Pell program for award year 2007-2008 resulting from the amendments made by sections 603 and 604.

Both the House and Senate recede with an amendment to change the effective date to July 1, 2009. The Conferees concur and adopt the amendment as proposed by the House and Senate.

Section 604. Definitions.

The House bill (Sec. 104) clarifies definitions for dislocated workers and means-tested federal benefits. The House bill amends the provisions concerning untaxed income and benefits in current law. Specifically, the bill excludes TANF (welfare benefits), Earned Income Tax Credits, and Social Security from the income calculation in the needs analysis. The House bill clarifies the asset calculation in this section of the bill to ensure that 529 plans are counted as the asset of the parent for independent students.

The Senate amendment (Sec. 604) makes changes to the definition of independent student. It expands the definition of independent students to include: individuals in foster care anytime after age 13; emancipated minors or individuals in legal guardianships as determined by an appropriate court in such an individual's State of legal residence; and any individual who has been adequately verified as an unaccompanied youth who is a homeless child or youth, as defined in the McKinney-Vento Homeless Assistance Act. It clarifies that financial aid administrators may make determinations regarding a student's independent status based on a documented determination of independence by another financial aid administrator in the same year.

Both the House and Senate recede with an amendment clarifying that foster students do not lose their independent student status during non-school terms with regard to housing and other benefits. The Conferees concur and adopt the amendment as proposed by the House and Senate.

TITLE VII – COMPETITIVE LOAN AUCTION PILOT PROGRAM

Sec. 701. Competitive Loan Auction Pilot Program.

The House bill (Sec. 119) requires a study by the Secretaries of Education and Treasury with the Congressional Budget Office, the Office of Management and Budget, and the Government Accountability Office to identify and select among the best mechanisms for a loan auction.

Based on the information from the study, a pilot program shall be implemented by the Secretary of Education using 10 percent of loan volume under Part B in the first year of the pilot study and 20 percent the second year of the pilot study.

The Senate amendment (Sec. 801) establishes a new competitive loan auction pilot program. The Secretary is directed to carry out a pilot program to establish a mechanism for the auction of all eligible PLUS loans. Such loans are loans made to parents of dependent students. The Secretary shall administer one auction for each state, in which eligible lenders shall compete to originate all eligible PLUS loans at institutions of higher education within the state.

The House recedes.

The Conferees believe this loan auction pilot should be closely evaluated by the Secretary of Education in consultation with the Secretary of Treasury, the Office of Management and Budget, the Congressional Budget Office, and the Comptroller General. Additionally, the Conferees believe the evaluation should consider the extent of the savings generated through the pilot program; the number of lenders participating in the pilot program and the extent to which the pilot program generated competition among lenders; and the effect of transition to and operation of the pilot program on the feasibility of using other market mechanisms to operate the loan programs.

The Conferees intend to include an evaluation of the loan auction and other market mechanisms during reauthorization of the Higher Education Act which we are committed to moving forward in this session.

TITLE VIII – PARTNERSHIP GRANTS

Section 801. College Access Challenge Grants.

The House bill (Sec. 411) establishes “College Access Challenge Grants,” which leverage federal funds to increase the number of students from underserved populations who enter and complete college through matching grants to philanthropic organizations. The federal government will provide a 2 to 1 match for private and other public funds for these purposes. The philanthropic organizations will work with states, institutions of higher education, and local education agencies and other organizations to raise funds and provide outreach and student support programs.

The Senate amendment (Sec. 801) establishes a College Access Partnership Grant program, to make payments to States to assist them in carrying out specified activities to increase college access for low-income students in the state. The federal share of the matching grant is 2/3 and the state share is 1/3. Activities may be carried out under this grant by state agencies or not-for-profit organizations that the state designates, including not-for-profit lenders, and must be made available to all qualifying students in the state, with priority given to students and families living below the poverty line. The amendment provides that authority to carry out this section shall expire on September 30, 2009.

The House recedes with an amendment changing the name of the program to “College Access Challenge Grants” and incorporating a House provision allowing philanthropic organizations to apply to the Secretary for a grant in the case where a state does not meet the matching requirements or chooses not to apply for a grant. The Conferees adopt the Senate amendment as amended by the House.

The Conferees intend that states, entities, or organizations providing activities under the College Access Challenge Grants program created by this Act coordinate such activities with existing state partnership programs designed to increase college access, particularly the state’s Leveraging Educational Assistance Partnership program (LEAP) under title IV, Part A, Subpart 4, if a state has such a program.

Section 802. Investment in Historically Black Colleges and Universities and Minority Serving Institutions.

The House bill (Sec. 401) provides a total \$500 million over the next five years to the following designated institutions with the following amounts:

- \$200 million to Hispanic-Serving Institutions to be distributed to the institutions in the same competitive manner as is done under title V of the Higher Education Act, and for uses under title V with priority to those applications that will increase the number of low-income students attaining degrees in the fields of science, technology, engineering, or math and to applications that develop model transfer articulation agreements.
- \$170 million to Historically Black Colleges and Universities to be distributed for use through some of the activities described in section 323(a) of the Higher Education Act including the purchase of laboratory equipment, the funding of instruction, the purchase of materials, and the establishment or enhancement of a teacher education program. Additionally, funds may be used in a manner consistent with the institution’s comprehensive plan and designed to increase the institution’s capacity to prepare students for careers in the physical and natural sciences, math, computer science, information technology, engineering, language instruction and other specified areas.
- \$30 million to Predominately Black Institutions to award 50 grants of \$600,000 for programs in the fields of science, technology, engineering, health education, teacher education, or programs that improve the educational outcomes of African American males.
- \$60 million to Tribal Colleges and Universities to be distributed in the manner that the funds are used under current law in section 316 of the Higher Education Act including the purchase of laboratory equipment, the funding of instruction, the purchase of materials, or the establishment or enhancement of teacher education and outreach programs.
- \$30 million to Alaska/Hawaiian Native Institutions to be distributed in the manner that the funds are used under current law in section 317 of the Higher Education Act including the purchase of laboratory equipment, the funding of instruction, the purchase of materials, and the creation of academic tutoring programs.
- \$10 million to Asian American and Pacific Islander Institutions to be distributed to institutions as defined in this section, and used in a manner that may include the purchase

of laboratory equipment, the funding of instruction, the purchase of materials, and the creation of tutoring programs.

The House bill defines the following for the purposes of distributing funds:

Predominately Black Institutions as institutions that have an enrollment of financially needy undergraduate students; an enrollment of undergraduate students at least 40% of whom are Black; and, that has at least 1,000 undergraduate students of whom not less than 50% enrolled at the institution are low-income or first generation and registered in a BA or AA program leading to a degree.

Asian and Pacific Islander-serving institution as institutions that have an enrollment of undergraduate students that is at least 10% Asian American and Pacific Islander and has a significant enrollment of financially needy students.

The Senate amendment contains no similar provision.

The Senate recedes with an amendment that \$255 million shall be authorized in each of 2008 and 2009, for a total investment of \$510 million. The amendment adds \$10 million for Native American Serving, Nontribal Institutions to be distributed to institutions as defined in this section, and used in a manner that may include the purchase of laboratory equipment, the funding of instruction, the purchase of materials, and the creation of tutoring programs. The Conferees agree to the House bill as amended by the Senate.

The amendment defines *Native American Serving, Nontribal Institutions* for the purposes of distributing funds at institutions that have an enrollment of undergraduate students that is at least 10% Native American and is not a Tribal College or University.

These institutions, which serve groups who were historically denied access to postsecondary education because of discrimination, have an important role in higher education. They help to preserve cultural traditions and to ensure that a diverse pool of qualified professionals in the nation's economy. At the same time, they offer affordable, high quality college education to thousands of students as well as provide much needed job training. These institutions also provide crucial support services and add hope to communities that have high rates of poverty and unemployment. Today, a high quality education greatly depends on the technology and resources available to students. The Conferees recognize that HBCUs, HSIs, and other Minority Serving Institutions (MSIs) do not have sufficient financial ability to provide these opportunities and satisfy the unique needs of these schools without Federal assistance.

MSIs have an important role in providing equal educational opportunities to qualified minority students. According to the Institute for Higher Education Policy, approximately 2.3 million students, or about one-third of all African Americans, American Indians/Alaska Natives, and Hispanics in all higher education institutions in the United States and Puerto Rico, were enrolled at HBCUs, HSIs, TCUs, Alaska and Hawaiian Native institutions. These numbers have grown rapidly in recent years—in fact, enrollment at these institutions-accelerated by 66 percent from 1995 to 2003, compared to only 20 percent at all postsecondary institutions.

The importance of these unique institutions is underscored by the fact that they provide postsecondary educational opportunities specifically tailored to students who traditionally have been denied access to adequately funded elementary and secondary schools, especially low-income, educationally disadvantaged students. The Conferees believe that this section offers an opportunity to help these institutions fulfill their missions to assist students to meet their educational goals.