

Public Law 105-244
105th Congress

An Act

To extend the authorization of programs under the Higher Education Act of 1965,
and for other purposes.

Oct. 7, 1998
[H.R. 6]

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Higher
Education Amendments of 1998”.

(b) **TABLE OF CONTENTS.**—The table of contents is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. References.
- Sec. 3. General effective date.

Higher Education
Amendments of
1998.
Grants.
Inter-
governmental
relations.
Loans.
20 USC 1001
note.

TITLE I—GENERAL PROVISIONS

- Sec. 101. Revision of title I.
- Sec. 102. Conforming amendments.

TITLE II—TEACHER QUALITY

- Sec. 201. Teacher quality enhancement grants.

TITLE III—INSTITUTIONAL AID

- Sec. 301. Transfers and redesignations.
- Sec. 302. Findings.
- Sec. 303. Strengthening institutions.
- Sec. 304. Strengthening HBCU's.
- Sec. 305. Endowment challenge grants.
- Sec. 306. HBCU capital financing.
- Sec. 307. Minority science and engineering improvement program.
- Sec. 308. General provisions.

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS

- Sec. 401. Federal Pell Grants.
- Sec. 402. Federal TRIO programs.
- Sec. 403. Gear up program.
- Sec. 404. Academic achievement incentive scholarships.
- Sec. 405. Repeals.
- Sec. 406. Federal supplemental educational opportunity grants.
- Sec. 407. Leveraging educational assistance partnership program.
- Sec. 408. Special programs for students whose families are engaged in migrant and seasonal farmwork.
- Sec. 409. Robert C. Byrd Honors Scholarship Program.
- Sec. 410. Child care access means parents in school.
- Sec. 410A. Learning anytime anywhere partnerships.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

- Sec. 411. Limitation repealed.
- Sec. 412. Advances to reserve funds.
- Sec. 413. Guaranty agency reforms.
- Sec. 414. Scope and duration of Federal loan insurance program.

- Sec. 415. Limitations on individual federally insured loans and Federal loan insurance.
- Sec. 416. Applicable interest rates.
- Sec. 417. Federal payments to reduce student interest costs.
- Sec. 418. Voluntary flexible agreements with guaranty agencies.
- Sec. 419. Federal PLUS loans.
- Sec. 420. Federal consolidation loans.
- Sec. 421. Default reduction program.
- Sec. 422. Requirements for disbursements of student loans.
- Sec. 423. Unsubsidized loans.
- Sec. 424. Loan forgiveness for teachers.
- Sec. 425. Loan forgiveness for child care providers.
- Sec. 426. Notice to Secretary and payment of loss.
- Sec. 427. Legal powers and responsibilities.
- Sec. 428. Student loan information by eligible lenders.
- Sec. 429. Definitions.
- Sec. 430. Delegation of functions.
- Sec. 431. Discharge.
- Sec. 432. Debt management options.
- Sec. 433. Special allowances.
- Sec. 434. Federal family education loan insurance fund.

PART C—FEDERAL WORK-STUDY PROGRAMS

- Sec. 441. Authorization of appropriations; community services.
- Sec. 442. Allocation of funds.
- Sec. 443. Grants for Federal work-study programs.
- Sec. 444. Flexible use of funds.
- Sec. 445. Work colleges.

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

- Sec. 451. Selection of institutions.
- Sec. 452. Terms and conditions.
- Sec. 453. Contracts.
- Sec. 454. Funds for administrative expenses.
- Sec. 455. Authority to sell loans.
- Sec. 456. Loan cancellation for teachers.

PART E—FEDERAL PERKINS LOANS

- Sec. 461. Authorization of appropriations.
- Sec. 462. Allocation of funds.
- Sec. 463. Agreements with institutions of higher education.
- Sec. 464. Terms of loans.
- Sec. 465. Cancellation for public service.
- Sec. 466. Distribution of assets from student loan funds.
- Sec. 467. Perkins Loan Revolving Fund.

PART F—NEED ANALYSIS

- Sec. 471. Cost of attendance.
- Sec. 472. Data elements.
- Sec. 473. Family contribution for dependent students.
- Sec. 474. Family contribution for independent students without dependents other than a spouse.
- Sec. 475. Family contribution for independent students with dependents other than a spouse.
- Sec. 476. Regulations; updated tables and amounts.
- Sec. 477. Simplified needs test; zero expected family contribution.
- Sec. 478. Discretion of student financial aid administrators.
- Sec. 479. Treatment of other financial assistance.
- Sec. 480. Clerical amendments.
- Sec. 480A. Effective dates.

PART G—GENERAL PROVISIONS

- Sec. 481. Master calendar.
- Sec. 482. Forms and regulations.
- Sec. 483. Student eligibility.
- Sec. 484. State court judgments.
- Sec. 485. Institutional refunds.
- Sec. 486. Institutional and financial assistance information for students.
- Sec. 487. National student loan data system.
- Sec. 488. Distance education demonstration programs.

- and administrative overhead not so allocable shall be included in the calculation of total expenses only.”; and
 (2) by striking paragraph (5);
 (3) by redesignating paragraph (4) as paragraph (5); and
 (4) by inserting after paragraph (3) the following:
- Deadlines.** “(4) **SUBMISSION; REPORT; INFORMATION AVAILABILITY.**—(A) On an annual basis, each institution of higher education described in paragraph (1) shall provide to the Secretary, within 15 days of the date that the institution makes available the report under paragraph (1), the information contained in the report.
- “(B) The Secretary shall prepare a report regarding the information received under subparagraph (A) and submit such report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate by April 1, 2000. The report shall—
- “(i) summarize the information and identify trends in the information;
- “(ii) aggregate the information by divisions of the National Collegiate Athletic Association; and
- “(iii) contain information on each individual institution of higher education.
- Public information.** “(C) The Secretary shall ensure that the reports described in subparagraph (A) and the report to Congress described in subparagraph (B) are made available to the public within a reasonable period of time.
- Deadline. Notification.** “(D) Not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, the Secretary shall notify all secondary schools in all States regarding the availability of the information reported under subparagraph (B) and the information made available under paragraph (1), and how such information may be accessed.”.

SEC. 487. NATIONAL STUDENT LOAN DATA SYSTEM.

Section 485B(a) (20 U.S.C. 1092b(a)) is amended by inserting before the period at the end of the third sentence the following: “not later than one year after the date of enactment of the Higher Education Amendments of 1998”.

SEC. 488. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

20 USC 1093.

Section 486 (20 U.S.C. 1083) is amended to read as follows:

“SEC. 486. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

“(a) **PURPOSE.**—It is the purpose of this section—

“(1) to allow demonstration programs that are strictly monitored by the Department of Education to test the quality and viability of expanded distance education programs currently restricted under this Act;

“(2) to provide for increased student access to higher education through distance education programs; and

“(3) to help determine—

“(A) the most effective means of delivering quality education via distance education course offerings;

“(B) the specific statutory and regulatory requirements which should be altered to provide greater access to high quality distance education programs; and

“(C) the appropriate level of Federal assistance for students enrolled in distance education programs.

“(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

“(1) IN GENERAL.—In accordance with the provisions of subsection (d), the Secretary is authorized to select institutions of higher education, systems of such institutions, or consortia of such institutions for voluntary participation in a Distance Education Demonstration Program that provides participating institutions with the ability to offer distance education programs that do not meet all or a portion of the sections or regulations described in paragraph (2).

“(2) WAIVERS.—The Secretary is authorized to waive for any institution of higher education, system of institutions of higher education, or consortium participating in a Distance Education Demonstration Program, the requirements of section 472(5) as the section relates to computer costs, sections 481(a) and 481(b) as such sections relate to requirements for a minimum number of weeks of instruction, sections 102(a)(3)(A), 102(a)(3)(B), and 484(1)(1), or one or more of the regulations prescribed under this part or part F which inhibit the operation of quality distance education programs.

“(3) ELIGIBLE APPLICANTS.—

“(A) ELIGIBLE INSTITUTIONS.—Except as provided in subparagraphs (B), (C), and (D), only an institution of higher education that is eligible to participate in programs under this title shall be eligible to participate in the demonstration program authorized under this section.

“(B) PROHIBITION.—An institution of higher education described in section 102(a)(1)(C) shall not be eligible to participate in the demonstration program authorized under this section.

“(C) SPECIAL RULE.—Subject to subparagraph (B), an institution of higher education that meets the requirements of subsection (a) of section 102, other than the requirement of paragraph (3)(A) or (3)(B) of such subsection, and that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree, shall be eligible to participate in the demonstration program authorized under this section.

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

“(c) APPLICATION.—

“(1) IN GENERAL.—Each institution, system, or consortium of institutions desiring to participate in a demonstration program under this section shall submit an application to the

Secretary at such time and in such manner as the Secretary may require.

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

“(A) a description of the institution, system, or consortium’s consultation with a recognized accrediting agency or association with respect to quality assurances for the distance education programs to be offered;

“(B) a description of the statutory and regulatory requirements described in subsection (b)(2) or, if applicable, subsection (b)(3)(D) for which a waiver is sought and the reasons for which the waiver is sought;

“(C) a description of the distance education programs to be offered;

“(D) a description of the students to whom distance education programs will be offered;

“(E) an assurance that the institution, system, or consortium will offer full cooperation with the ongoing evaluations of the demonstration program provided for in this section; and

“(F) such other information as the Secretary may require.

“(d) SELECTION.—

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

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

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

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

“(C) an institution’s—

“(i) financial responsibility;

“(ii) administrative capability; and

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

“(D) ensuring the participation of a diverse group of institutions with respect to size, mission, and geographic distribution.

“(e) NOTIFICATION.—The Secretary shall make available to the public and to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives a list of institutions, systems or consortia selected to participate in the demonstration program authorized by this section. Such notice shall include a listing of the specific statutory and regulatory requirements being waived for each institution, system or consortium and a description of the distance education courses to be offered.

“(f) EVALUATIONS AND REPORTS.—

“(1) EVALUATION.—The Secretary shall evaluate the demonstration programs authorized under this section on an annual basis. Such evaluations specifically shall review—

“(A) the extent to which the institution, system or consortium has met the goals set forth in its application to the Secretary, including the measures of program quality assurance;

“(B) the number and types of students participating in the programs offered, including the progress of participating students toward recognized certificates or degrees and the extent to which participation in such programs increased;

“(C) issues related to student financial assistance for distance education;

“(D) effective technologies for delivering distance education course offerings; and

“(E) the extent to which statutory or regulatory requirements not waived under the demonstration program present difficulties for students or institutions.

“(2) POLICY ANALYSIS.—The Secretary shall review current policies and identify those policies that present impediments to the development and use of distance education and other nontraditional methods of expanding access to education.

“(3) REPORTS.—

“(A) IN GENERAL.—Within 18 months of the initiation of the demonstration program, the Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives with respect to—

Deadline.

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

“(ii) any proposed statutory changes designed to enhance the use of distance education.

“(B) ADDITIONAL REPORTS.—The Secretary shall provide additional reports to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives on an annual basis regarding—

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

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

“(g) OVERSIGHT.—In conducting the demonstration program authorized under this section, the Secretary shall, on a continuing basis—

“(1) assure compliance of institutions, systems or consortia with the requirements of this title (other than the sections and regulations that are waived under subsections (b)(2) and (b)(3)(D));

“(2) provide technical assistance;

“(3) monitor fluctuations in the student population enrolled in the participating institutions, systems or consortia; and

“(4) consult with appropriate accrediting agencies or associations and appropriate State regulatory authorities.

“(h) DEFINITION.—For the purpose of this section, the term ‘distance education’ means an educational process that is characterized by the separation, in time or place, between instructor and student. Such term may include courses offered principally through the use of—

“(1) television, audio, or computer transmission, such as open broadcast, closed circuit, cable, microwave, or satellite transmission;

“(2) audio or computer conferencing;

“(3) video cassettes or discs; or

“(4) correspondence.”

SEC. 489. PROGRAM PARTICIPATION AGREEMENTS.

(a) REQUIRED CONTENT.—Section 487(a) (20 U.S.C. 1094(a)) is amended—

(1) in paragraph (3)—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(2) in paragraph (4), by striking “subsection (b)” and inserting “subsection (c)”;

(3) in paragraph (9), by striking “part B” and inserting “part B or D”;

(4) in paragraph (14)—

(A) in subparagraph (A), by striking “part B” and inserting “part B or D”; and

(B) in subparagraph (B), by striking “part B” and inserting “part B or D”; and

(C) by adding at the end the following:

“(C) This paragraph shall not apply in the case of an institution in which (i) neither the parent nor the subordinate institution has a cohort default rate in excess of 10 percent, and (ii) the new owner of such parent or subordinate institution does not, and has not, owned any other institution with a cohort default rate in excess of 10 percent.”;

(5) in paragraph (15), by striking “State review entities” and inserting “the State agencies”;

(6) by amending paragraph (18) to read as follows:

“(18) The institution will meet the requirements established pursuant to section 485(g).”; and

(7) by amending paragraph (21) to read as follows:

“(21) The institution will meet the requirements established by the Secretary and accrediting agencies or associations, and will provide evidence to the Secretary that the institution has the authority to operate within a State.”.

(b) PROVISION OF VOTER REGISTRATION FORMS.—

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

“(23)(A) The institution, if located in a State to which section 4(b) of the National Voter Registration Act (42 U.S.C. 1973gg-2(b)) does not apply, will make a good faith effort to distribute a mail voter registration form, requested and