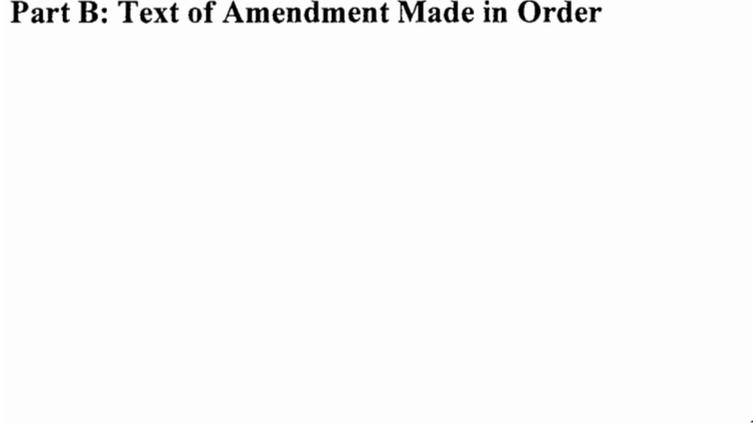


**Part B: Text of Amendment Made in Order**



1  
1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE  
McKeon OF California, OR HIS  
DESIGNEE, DEBATABLE FOR 60 MINUTES:

25 Revised

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 2669, AS REPORTED  
OFFERED BY MR. MCKEON OF CALIFORNIA  
Pell Grant Enhancement**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Pell Grant Enhance-  
3 ment Act” .

4 **SEC. 2. REDUCTION OF LENDER INSURANCE PERCENTAGE.**

5 (a) **AMENDMENT.**—Subparagraph (G) of section  
6 428(b)(1) of the Higher Education Act of 1965 (20  
7 U.S.C. 1078(b)(1)(G)) is amended to read as follows:

8 “(G) insures 95 percent of the unpaid  
9 principal of loans insured under the program,  
10 except that—

11 “(i) such program shall insure 100  
12 percent of the unpaid principal of loans  
13 made with funds advanced pursuant to sec-  
14 tion 428(j) or 439(q); and

15 “(ii) notwithstanding the preceding  
16 provisions of this subparagraph, such pro-  
17 gram shall insure 100 percent of the un-

1                   paid principal amount of exempt claims as  
2                   defined in subsection (c)(1)(G);”.

3           (b) **EFFECTIVE DATE.**—The amendment made by  
4 subsection (a) shall take effect with respect to loans made  
5 on or after October 1, 2007.

6 **SEC. 3. GUARANTEE AGENCY COLLECTION RETENTION.**

7           Clause (ii) of section 428(c)(6)(A) of the Higher  
8 Education Act of 1965 (20 U.S.C. 1078(c)(6)(A)(ii)) is  
9 amended to read as follows:

10                   “(ii) an amount equal to 24 percent of  
11                   such payments for use in accordance with  
12                   section 422B, except that—

13                           “(I) beginning October 1, 2003  
14                           and ending September 30, 2007, this  
15                           subparagraph shall be applied by sub-  
16                           stituting ‘23 percent’ for ‘24 percent’;

17                           “(II) beginning October 1, 2007  
18                           and ending September 30, 2008, this  
19                           subparagraph shall be applied by sub-  
20                           stituting ‘20 percent’ for ‘24 percent’;

21                           “(III) beginning October 1, 2008  
22                           and ending September 30, 2010, this  
23                           subparagraph shall be applied by sub-  
24                           stituting ‘18 percent’ for ‘24 percent’;  
25                           and

1                   “(IV) beginning October 1, 2010,  
2                   this subparagraph shall be applied by  
3                   substituting for ‘24 percent’ a per-  
4                   centage determined in accordance  
5                   with the regulations of the Secretary  
6                   and equal to the average rate paid to  
7                   collection agencies that have contracts  
8                   with the Secretary.”.

9   **SEC. 4. ELIMINATION OF EXCEPTIONAL PERFORMER STA-**  
10                   **TUS FOR LENDERS.**

11           (a) **ELIMINATION OF STATUS.**—Part B of title IV of  
12 the Higher Education Act of 1965 (20 U.S.C. 1071 et  
13 seq.) is amended by striking section 428I (20 U.S.C.  
14 1078–9).

15           (b) **CONFORMING AMENDMENTS.**—Part B of title IV  
16 of such Act is further amended—

17                   (1) in section 428(c)(1) (20 U.S.C.  
18 1078(c)(1))—

19                           (A) by striking subparagraph (D); and

20                           (B) by redesignating subparagraphs (E)  
21 through (H) as subparagraphs (D) through  
22 (G), respectively; and

23                   (2) in section 438(b)(5) (20 U.S.C. 1087–  
24 1(b)(5)), by striking the matter following subpara-  
25 graph (B).

1 (c) EFFECTIVE DATE.—The amendments made by  
2 subsections (a) and (b) shall take effect on October 1,  
3 2007.

4 **SEC. 5. REDUCTION OF LENDER SPECIAL ALLOWANCE PAY-**  
5 **MENTS.**

6 Section 438(b)(2)(I) of the Higher Education Act of  
7 1965 (20 U.S.C. 1087–1(b)(2)(I)) is amended by adding  
8 at the end the following new clauses:

9 “(vi) REDUCTION FOR LOANS DIS-  
10 BURSED ON OR AFTER OCTOBER 1, 2007.—

11 With respect to a loan on which the appli-  
12 cable interest rate is determined under sec-  
13 tion 427A(l) and for which the first dis-  
14 bursement of principal is made on or after  
15 October 1, 2007, the special allowance pay-  
16 ment computed pursuant to this subpara-  
17 graph shall be computed—

18 “(I) by substituting ‘2.0 percent’  
19 for ‘2.34 percent’ each place it ap-  
20 pears in this subparagraph;

21 “(II) by substituting ‘1.4 per-  
22 cent’ for ‘1.74 percent’ in clause (ii);  
23 and

1                   “(III) by substituting ‘2.0 per-  
2                   cent’ for ‘2.64 percent’ each place it  
3                   appears in clauses (iii) and (iv).”.

4 **SEC. 6. UNIT COST CALCULATION FOR GUARANTY AGENCY**  
5 **ACCOUNT MAINTENANCE FEES.**

6       Section 458(b) of the Higher Education Act of 1965  
7 (20 U.S.C. 1087h(b)) is amended—

8           (1) by striking “Account” and inserting the fol-  
9       lowing:

10           “(1) FOR FISCAL YEARS 2006 AND 2007.—For  
11       each of the fiscal years 2006 and 2007, account”;  
12       and

13           (2) by adding at the end the following new  
14       paragraph:

15           “(2) FOR FISCAL YEAR 2008 AND SUCCEEDING  
16       FISCAL YEARS.—

17           “(A) UNIT COST BASIS.—For fiscal year  
18       2008 and each succeeding fiscal year, the Sec-  
19       retary shall calculate the account maintenance  
20       fees payable to guaranty agencies under sub-  
21       section (a)(3), on a per-loan cost basis in ac-  
22       cordance with subparagraph (B).

23           “(B) DETERMINATIONS.—To determine  
24       the amount that shall be paid under subsection  
25       (a)(3) per outstanding loan guaranteed by a

1 guaranty agency for fiscal year 2008 and suc-  
2 ceeding fiscal years, the Secretary shall—

3 “(i) establish the per-loan cost basis  
4 amount by—

5 “(I) dividing the total amount of  
6 account maintenance fees paid under  
7 subsection (a)(3) in fiscal year 2006,  
8 by

9 “(II) the number of loans under  
10 part B that were outstanding in that  
11 fiscal year; and

12 “(ii) determine on October 1 of fiscal  
13 year 2008 and each subsequent fiscal year,  
14 and pay to each guaranty agency, an  
15 amount equal to the product of the number  
16 of loans under part B that are outstanding  
17 on October 1 of that fiscal year and in-  
18 sured by that guaranty agency multiplied  
19 by—

20 “(I) the amount determined  
21 under clause (i); increased by

22 “(II) a percentage equal to the  
23 percentage increase in the Consumer  
24 Price Index for Wage Earners (as de-  
25 termined by the Bureau of Labor Sta-

1                   tistics of the Department of Labor)  
2                   between the calendar quarter ending  
3                   on June 30, 2006, and the calendar  
4                   quarter ending on the June 30 pre-  
5                   ceding such October 1 of such fiscal  
6                   year.”.

7 **SEC. 7. TUITION SENSITIVITY.**

8           (a) **ELIMINATION OF TUITION SENSITIVITY.**—Sec-  
9           tion 401(b) of the Higher Education Act of 1965 (20  
10           U.S.C. 1070a(b)) is amended—

11                   (1) by striking paragraph (3); and

12                   (2) by redesignating paragraphs (4) through  
13                   (9) as paragraphs (3) through (8), respectively.

14           (b) **EFFECTIVE DATE.**—The amendments made by  
15           subsection (a) shall take effect on July 1, 2008.

16 **SEC. 8. MANDATORY PELL GRANT INCREASES.**

17           (a) **EXTENSION OF AUTHORITY.**—Section 401(a) (20  
18           U.S.C. 1070a(a)) is amended by striking “fiscal year  
19           2004” and inserting “fiscal year 2017”.

20           (b) **FUNDING FOR INCREASES.**—Section 401(b) (20  
21           U.S.C. 1070a(b)) is amended by adding at the end the  
22           following new paragraph:

23                   “(9) **ADDITIONAL FUNDS.**—

24                           “(A) **IN GENERAL.**—For an academic year,  
25                   there are authorized to be appropriated, and

1           there are appropriated, such sums as may be  
2           necessary to carry out subparagraph (B) of this  
3           paragraph (in addition to any other amounts  
4           appropriated to carry out this section and out  
5           of any money in the Treasury not otherwise ap-  
6           propriated) the following amounts:

7                       “(i) \$1,454,000,000 for fiscal year  
8                       2008;

9                       “(ii) \$1,915,000,000 for fiscal year  
10                      2009;

11                      “(iii) \$2,380,000,000 for fiscal year  
12                      2010;

13                      “(iv) \$2,845,000,000 for fiscal year  
14                      2011;

15                      “(v) \$3,386,000,000 for fiscal year  
16                      2012;

17                      “(vi) \$3,407,000,000 for fiscal year  
18                      2013;

19                      “(vii) \$3,443,000,000 for fiscal year  
20                      2014;

21                      “(viii) \$3,474,000,000 for fiscal year  
22                      2015;

23                      “(ix) \$3,502,000,000 for fiscal year  
24                      2016; and

1                   “(x) \$3,526,000,000 for fiscal year  
2                   2017.

3                   “(B) INCREASE IN FEDERAL PELL  
4                   GRANTS.—The amounts made available pursu-  
5                   ant to subparagraph (A) of this paragraph shall  
6                   be used to increase the amount of the maximum  
7                   Pell Grant for which a student shall be eligible  
8                   during an award year, as specified in the last  
9                   enacted appropriation Act applicable to that  
10                  award year, by—

11                  “(i) \$350 for award year 2008–2009;

12                  “(ii) \$450 for award year 2009–2010;

13                  “(iii) \$550 for award year 2010–  
14                  2011;

15                  “(iv) \$650 for award year 2011–2012;

16                  and

17                  “(v) \$750 for each of the award years  
18                  2012–2013 through 2017–2018.”.

19                  (c) AUTHORIZED MAXIMUMS.—Section 401(b)(2)(A)  
20                  (20 U.S.C. 1070a(b)(2)(A)) is amended to read as follows:

21                  “(2)(A) The amount of the Federal Pell Grant  
22                  for a student eligible under this part shall be for  
23                  each of the award years 2008–2009 through 2016–  
24                  2017, the sum of—

1                   “(i) the amount appropriated in the  
2                   applicable appropriation Act for the max-  
3                   imum Federal Pell Grant for that award  
4                   year; and

5                   “(ii) the amount specified in sub-  
6                   section (a)(2)(B) for that award year;  
7                   less an amount equal to the amount determined  
8                   to be the expected family contribution with re-  
9                   spect to that student for that year.”.

10 **SEC. 9. PLUS LOAN INTEREST RATES.**

11           Paragraph (2) of section 427A(l) of the Higher Edu-  
12 cation Act of 1965 (20 U.S.C. 1077a(l)(2)) is amended  
13 to read as follows:

14           “(2) PLUS LOANS.—Notwithstanding sub-  
15           section (h), with respect to any loan under section  
16           428B, the applicable rate of interest—

17                   “(A) shall be 8.5 percent on the unpaid  
18                   principal balance of any such loan for which the  
19                   first disbursement is made on or after July 1,  
20                   2006, and before July 1, 2008; and

21                   “(B) shall be 7.9 percent on the unpaid  
22                   principal balance of any such loan for which the  
23                   first disbursement is made on or after July 1,  
24                   2008.”.

1 **SEC. 10. CONSUMER INFORMATION AND PUBLIC ACCOUNT-**  
2 **ABILITY IN HIGHER EDUCATION.**

3 Section 131 of the Higher Education Act of 1965 (20  
4 U.S.C. 1015) is amended to read as follows:

5 **“SEC. 131. CONSUMER INFORMATION AND PUBLIC AC-**  
6 **COUNTABILITY IN HIGHER EDUCATION.**

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

8 **“(1)** provide students and families with an  
9 easy-to-use, comprehensive web-based tool for re-  
10 searching and comparing institutions of higher edu-  
11 cation;

12 **“(2)** increase the transparency of college cost,  
13 price, and financial aid; and

14 **“(3)** raise public awareness of information  
15 available about postsecondary education, particularly  
16 among low-income families, non-traditional student  
17 populations, and first-generation college students.

18 **“(b) COLLEGE OPPORTUNITY ON-LINE (COOL)**  
19 **WEBSITE RE-DESIGN PROCESS.—**In carrying out this  
20 section, the Commissioner of Education Statistics—

21 **“(1)** shall identify the data elements that are of  
22 greatest importance to prospective students, enrolled  
23 students, and their families, paying particular atten-  
24 tion to low-income, non-traditional student popu-  
25 lations, and first-generation college students;

1           “(2) shall convene a group of individuals with  
2 expertise in the collection and reporting of data re-  
3 lated to institutions of higher education to—

4           “(A) determine the relevance of particular  
5 data elements to prospective students, enrolled  
6 students, and families;

7           “(B) assess the cost-effectiveness of var-  
8 ious ways in which institutions of higher edu-  
9 cation might produce relevant data;

10           “(C) determine the general comparability  
11 of the data across institutions of higher edu-  
12 cation;

13           “(D) make recommendations regarding the  
14 inclusion of specific data items and the most ef-  
15 fective and least burdensome methods of col-  
16 lecting and reporting useful data from institu-  
17 tions of higher education; and

18           “(3) shall ensure that the redesigned COOL  
19 website—

20           “(A) uses, to the extent practicable, data  
21 elements currently provided by institutions of  
22 higher education to the Secretary;

23           “(B) includes clear and uniform informa-  
24 tion determined to be relevant to prospective  
25 students, enrolled students, and families;

1           “(C) provides comparable information, by  
2           ensuring that data are based on accepted cri-  
3           teria and common definitions;

4           “(D) includes a sorting function that per-  
5           mits users to customize their search for and  
6           comparison of institutions of higher education  
7           based on the information identified through the  
8           process as prescribed in paragraph (1) as being  
9           of greatest relevance to choosing an institution  
10          of higher education.

11       “(c) DATA COLLECTION.—

12           “(1) DATA SYSTEM.—The Commissioner of  
13           Education Statistics shall continue to redesign the  
14           relevant parts of the Integrated Postsecondary Edu-  
15           cation Data System to include additional data as re-  
16           quired by this section and to continue to improve the  
17           usefulness and timeliness of data collected by such  
18           systems in order to inform consumers about institu-  
19           tions of higher education.

20           “(2) COLLEGE CONSUMER PROFILE.—The Sec-  
21           retary shall continue to publish on the COOL  
22           website, for each academic year and in accordance  
23           with standard definitions developed by the Commis-  
24           sioner of Education Statistics (including definitions  
25           developed under section 131(a)(3)(A) as in effect on

1 the day before the date of enactment of the College  
2 Affordability and Transparency Act of 2007), from  
3 at least all institutions of higher education partici-  
4 pating in programs under title IV the following in-  
5 formation:

6 “(A) The tuition and fees charged for a  
7 first-time, full-time, full-year undergraduate  
8 student.

9 “(B) The room and board charges for a  
10 first-time, full-time, full-year undergraduate  
11 student.

12 “(C) The price of attendance for a first-  
13 time, full-time, full-year undergraduate student,  
14 consistent with the provisions of section 472.

15 “(D) The average amount of financial as-  
16 sistance received by a first-year, full-time, full-  
17 year undergraduate student, including—

18 “(i) each type of assistance or benefits  
19 described in 428(a)(2)(C)(ii);

20 “(ii) institutional and other assist-  
21 ance; and

22 “(iii) Federal loans under parts B, D,  
23 and E of title IV.

24 “(E) The number of first-time, full-time,  
25 full-year undergraduate students receiving fi-

1           nancial assistance described in each clause of  
2           subparagraph (D).

3           “(F) The institutional instructional ex-  
4           penditure per full-time equivalent student.

5           “(G) Student enrollment information, in-  
6           cluding information on the number and percent-  
7           age of full-time and part-time students, the  
8           number and percentage of resident and non-  
9           resident students.

10          “(H) Faculty-to-student ratios.

11          “(I) Faculty information, including the  
12          total number of faculty and the percentage of  
13          faculty who are full-time employees of the insti-  
14          tution and the percentage who are part-time.

15          “(J) Completion and graduation rates of  
16          undergraduate students, identifying whether the  
17          completion or graduation rates are from a 2-  
18          year or 4-year program of instruction and, in  
19          the case of a 2-year program of instruction, the  
20          percentage of students who transfer to 4-year  
21          institutions prior or subsequent to completion  
22          or graduation.

23          “(K) A link to the institution of higher  
24          education with information of interest to stu-  
25          dents including mission, accreditation, student

1 services (including services for students with  
2 disabilities), transfer of credit policies and, if  
3 appropriate, placement rates and other meas-  
4 ures of success in preparing students for entry  
5 into or advancement in the workforce.

6 “(L) The college affordability information  
7 elements specified in subsection (d).

8 “(M) Any additional information that the  
9 Secretary may require.

10 “(d) COLLEGE AFFORDABILITY INFORMATION ELE-  
11 MENTS.—The college affordability information elements  
12 required by subsection (c)(2)(L) shall include, for each in-  
13 stitution submitting data—

14 “(1) the sticker price of the institution for the  
15 3 most recent academic years;

16 “(2) the net tuition price of the institution for  
17 the 3 most recent academic years;

18 “(3) the percentage change in both the sticker  
19 price and the net tuition price over the 3-year time  
20 period that is being reported;

21 “(4) the percentage change in the CPI over the  
22 same time period; and

23 “(5) whether the institution has been placed on  
24 affordability alert status as required by subsection  
25 (e)(3).

1 “(e) OUTCOMES AND ACTIONS.—

2 “(1) RESPONSE FROM INSTITUTION.—Effective  
3 on June 30, 2008, an institution that increases its  
4 sticker price at a percentage rate for any 3-year in-  
5 terval ending on or after that date that exceeds two  
6 times the rate of change in the CPI over the same  
7 time period shall provide a report to the Secretary,  
8 in such a form, at such time, and containing such  
9 information as the Secretary may require. Such re-  
10 port shall be published by the Secretary on the  
11 COOL website, and shall include—

12 “(A) a description of the factors contrib-  
13 uting to the increase in the institution’s costs  
14 and in the tuition and fees charged to students;  
15 and

16 “(B) if determinations of tuition and fee  
17 increases are not within the exclusive control of  
18 the institution, a description of the agency or  
19 instrumentality of State government or other  
20 entity that participates in such determinations  
21 and the authority exercised by such agency, in-  
22 strumentality, or entity.

23 “(2) QUALITY-EFFICIENCY TASK FORCES.—

24 “(A) REQUIRED.—Each institution subject  
25 to paragraph (1) that has a percentage change

1 in its sticker price that is in the highest 5 per-  
2 cent of all institutions subject to paragraph (1)  
3 shall establish a quality-efficiency task force to  
4 review the operations of such institution.

5 “(B) MEMBERSHIP.—Such task force shall  
6 include administrators, business and civic lead-  
7 ers, and faculty, and may include students,  
8 trustees, parents of students, and alumni of  
9 such institution.

10 “(C) FUNCTIONS.—Such task force shall  
11 analyze institutional operating costs in compari-  
12 son with such costs at other institutions within  
13 the class of institutions. Such analysis should  
14 identify areas where, in comparison with other  
15 institutions in such class, the institution oper-  
16 ates more expensively to produce a similar re-  
17 sult. Any identified areas should then be tar-  
18 geted for in-depth analysis for cost reduction  
19 opportunities.

20 “(D) REPORT.—The results of the analysis  
21 by a quality-efficiency task force under this  
22 paragraph shall be made available to the public  
23 on the COOL website.

24 “(3) CONSEQUENCES FOR 2-YEAR CONTINU-  
25 ATION OF FAILURE.—If the Secretary determines

1       that an institution that is subject to paragraph (1))  
2       has failed to reduce the subsequent increase in stick-  
3       er price below two times the rate of change in the  
4       CPI for 2 consecutive academic years subsequent to  
5       the 3-year interval used under paragraph (1), the  
6       Secretary shall place the institution on affordability  
7       alert status.

8           “(4) EXEMPTIONS.—Notwithstanding para-  
9       graph (3), an institution shall not be placed on af-  
10      fordability alert status if, for any 3-year interval for  
11      which sticker prices are computed under paragraph  
12      (1)—

13           “(A) with respect to the the class of institu-  
14      tions described in paragraph (6) to which the  
15      institution belongs, the sticker price of the in-  
16      stitution is in the lowest quartile of institutions  
17      within such class, as determined by the Sec-  
18      retary, during the last year of such 3-year in-  
19      terval; or

20           “(B) the institution has a percentage  
21      change in its sticker price computed under  
22      paragraph (1) that exceeds two times the rate  
23      of change in the CPI over the same time period,  
24      but the dollar amount of the sticker price in-  
25      crease is less than \$500.

1           “(5) INFORMATION TO STATE AGENCIES.—Any  
2 institution that reports under paragraph (1)(B) that  
3 an agency or instrumentality of State government or  
4 other entity participates in the determinations of tui-  
5 tion and fee increases shall, prior to submitting any  
6 information to the Secretary under this subsection,  
7 submit such information to, and request the com-  
8 ments and input of, such agency, instrumentality, or  
9 entity. With respect to any such institution, the Sec-  
10 retary shall provide a copy of any communication by  
11 the Secretary with that institution to such agency,  
12 instrumentality, or entity.

13           “(6) CLASSES OF INSTITUTIONS.—For purposes  
14 of this subsection, the classes of institutions shall be  
15 those sectors used by the Integrated Postsecondary  
16 Education Data System, based on whether the insti-  
17 tution is public, nonprofit private, or for-profit pri-  
18 vate, and whether the institution has a 4-year, 2-  
19 year, or less than 2-year program of instruction.

20           “(7) DATA REJECTION.—Nothing in this sub-  
21 section shall be construed as allowing the Secretary  
22 to reject the data submitted by an individual institu-  
23 tion of higher education.

24           “(f) INFORMATION TO THE PUBLIC.—The Secretary  
25 shall work with public and private entities to promote

1 broad public awareness, particularly among middle and  
2 high school students and their families, of the information  
3 made available under this section, including by distribu-  
4 tion to students who participate in or receive benefits from  
5 means-tested federally funded education programs and  
6 other Federal programs determined by the Secretary.

7 “(g) FINES.—In addition to actions authorized in  
8 section 487(c), the Secretary may impose a fine in an  
9 amount not to exceed \$25,000 on an institution of higher  
10 education for failing to provide the information required  
11 by this section in a timely and accurate manner, or for  
12 failing to otherwise cooperate with the National Center for  
13 Education Statistics regarding efforts to obtain data  
14 under subsections (c) and (j) and pursuant to the program  
15 participation agreement entered into under section 487.

16 “(h) GAO STUDY AND REPORT.—

17 “(1) GAO STUDY.—The Comptroller General  
18 shall conduct a study of the policies and procedures  
19 implemented by institutions in increasing the afford-  
20 ability of postsecondary education. Such study shall  
21 include information with respect to—

22 “(A) a list of those institutions that—

23 “(i) have reduced their sticker prices;

24 or

1                   “(ii) are within the least costly quar-  
2                   tile of institutions within each class de-  
3                   scribed in subsection (e)(6);

4                   “(B) policies implemented to stem the in-  
5                   crease in tuition and fees and institutional  
6                   costs;

7                   “(C) the extent to which room and board  
8                   costs and prices changed;

9                   “(D) the extent to which other services  
10                  were altered to affect tuition and fees;

11                  “(E) the extent to which the institution’s  
12                  policies affected student body demographics and  
13                  time to completion;

14                  “(F) what, if any, operational factors  
15                  played a role in reducing tuition and fees;

16                  “(G) the extent to which academic quality  
17                  was affected, and how;

18                  “(H) if the institution is a public institu-  
19                  tion, the relationship between State and local  
20                  appropriations and the institution’s tuition and  
21                  fees;

22                  “(I) the extent to which policies and prac-  
23                  tices reducing costs and prices may be rep-  
24                  licated from one institution to another; and

1           “(J) other information as necessary to de-  
2           termine best practices in increasing the afford-  
3           ability of postsecondary education.

4           “(2) INTERIM AND FINAL REPORTS.— The  
5           Comptroller General shall submit an interim and a  
6           final report regarding the findings of the study re-  
7           quired by paragraph (1) to the appropriate author-  
8           izing committees of Congress. The interim report  
9           shall be submitted not later than July 31, 2011, and  
10          the final report shall be submitted not later than  
11          July 31, 2013.

12          “(i) STUDENT AID RECIPIENT SURVEY.—

13           “(1) SURVEY REQUIRED.—The Secretary shall  
14           conduct a survey of student aid recipients under title  
15           IV on a regular cycle and State-by-State basis, but  
16           not less than once every 4 years—

17           “(A) to identify the population of students  
18           receiving Federal student aid;

19           “(B) to describe the income distribution  
20           and other socioeconomic characteristics of fed-  
21           erally aided students;

22           “(C) to describe the combinations of aid  
23           from State, Federal, and private sources re-  
24           ceived by students from all income groups;

1           “(D) to describe the debt burden of edu-  
2           cational loan recipients and their capacity to  
3           repay their education debts, and the impact of  
4           such debt burden on career choices;

5           “(E) to describe the role played by the  
6           price of postsecondary education in the deter-  
7           mination by students of what institution to at-  
8           tend; and

9           “(F) to describe how the increased costs of  
10          textbooks and other instructional materials af-  
11          fects the costs of postsecondary education to  
12          students.

13          “(2) SURVEY DESIGN.—The survey shall be  
14          representative of full-time and part-time, under-  
15          graduate, graduate, and professional and current  
16          and former students in all types of institutions, and  
17          designed and administered in consultation with the  
18          Congress and the postsecondary education commu-  
19          nity.

20          “(3) DISSEMINATION.—The Commissioner of  
21          Education Statistics shall disseminate the informa-  
22          tion resulting from the survey in both printed and  
23          electronic form.

1       “(j) REGULATIONS.—The Secretary is authorized to  
2 issue such regulations as may be necessary to carry out  
3 the provisions of this section.

4       “(k) DEFINITIONS.—For the purposes of this section:

5           “(1) NET TUITION PRICE.—The term ‘net tui-  
6 tion price’ means the average tuition and fees  
7 charged to a first-time, full-time, full-year under-  
8 graduate student, minus the average grants provided  
9 to such students, for any academic year.

10           “(2) STICKER PRICE.—The term ‘sticker price’  
11 means the average tuition and fees charged to a  
12 first-time, full-time, full-year undergraduate student  
13 by an institution of higher education for any aca-  
14 demic year.

15           “(3) CPI.—The term ‘CPI’ means the Con-  
16 sumer Price Index-All Urban Consumers (Current  
17 Series).”.

18 **SEC. 11. COLLEGE AFFORDABILITY DEMONSTRATION**  
19 **PROJECT.**

20       (a) .—Part G of title IV is amended by inserting after  
21 section 486 (20 U.S.C. 1093) the following new section:

22 **“SEC. 486A. COLLEGE AFFORDABILITY DEMONSTRATION**  
23 **PROJECT.**

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

1           “(1) to provide, through a college affordability  
2 demonstration project, for increased innovation in  
3 the delivery of higher education and student finan-  
4 cial aid in a manner resulting in reduced costs for  
5 students as well as the institution by employing one  
6 or more strategies including accelerating degree or  
7 program completion, increasing availability of, and  
8 access to, distance components of education delivery,  
9 engaging in collaborative arrangements with other  
10 institutions and organizations, and other alternative  
11 methodologies; and

12           “(2) to help determine—

13               “(A) the most effective means of delivering  
14 student financial aid as well as quality edu-  
15 cation;

16               “(B) the specific statutory and regulatory  
17 requirements that should be altered to provide  
18 for more efficient and effective delivery of stu-  
19 dent financial aid, as well as access to high  
20 quality distance education programs, resulting  
21 in a student more efficiently completing post-  
22 secondary education; and

23               “(C) the most effective methods of obtain-  
24 ing and managing institutional resources.

25           “(b) DEMONSTRATION PROJECT AUTHORIZED.—

1           “(1) IN GENERAL.—In accordance with the  
2 purposes described in subsection (a) and the provi-  
3 sions of subsection (d), the Secretary is authorized  
4 to select not more than 100 institutions of higher  
5 education, including those applying as part of sys-  
6 tems or consortia of such institutions, for voluntary  
7 participation in the College Affordability Demonstra-  
8 tion Project in order to enable participating institu-  
9 tions to carry out such purposes by providing pro-  
10 grams of postsecondary education, and making avail-  
11 able student financial assistance under this title to  
12 students enrolled in those programs, in a manner  
13 that would not otherwise meet the requirements of  
14 this title.

15           “(2) WAIVERS.—The Secretary is authorized to  
16 waive for any institutions of higher education, or  
17 any system or consortia of institutions of higher  
18 education, selected for participation in the College  
19 Affordability Demonstration Project, any require-  
20 ments of this Act or the regulations thereunder as  
21 deemed necessary by the Secretary to meet the pur-  
22 pose described in subsection (a)(1), and shall make  
23 a determination that the waiver can reasonably be  
24 expected to result in reduced costs to students or in-  
25 stitutions without an increase in Federal program

1 costs. The Secretary may not waive under this para-  
2 graph the maximum award amounts for an academic  
3 year or loan period.

4 “(3) ELIGIBLE APPLICANTS.—

5 “(A) ELIGIBLE INSTITUTIONS.—Except as  
6 provided in subparagraph (B), only an institu-  
7 tion of higher education that is eligible to par-  
8 ticipate in programs under this title shall be eli-  
9 gible to participate in the demonstration project  
10 authorized under this section.

11 “(B) PROHIBITION.—An institution of  
12 higher education described in section  
13 102(a)(1)(C) shall not be eligible to participate  
14 in the demonstration project authorized under  
15 this section.

16 “(c) APPLICATION.—

17 “(1) IN GENERAL.—Each institution or system  
18 of institutions desiring to participate in the dem-  
19 onstration project under this section shall submit an  
20 application to the Secretary at such time and in  
21 such manner as the Secretary may require.

22 “(2) CONTENTS OF APPLICATIONS.—Each ap-  
23 plication for the college affordability demonstration  
24 project shall include at least the following:

1           “(A) a description of the institution or sys-  
2           tem or consortium of institutions and what  
3           quality assurance mechanisms are in place to  
4           ensure the integrity of the Federal financial aid  
5           programs;

6           “(B) a description of the innovation or in-  
7           novations being proposed and the affected pro-  
8           grams and students, including—

9                   “(i) a description of any collaborative  
10                  arrangements with other institutions or or-  
11                  ganizations to reduce costs;

12                   “(ii) a description of any expected  
13                  economic impact of participation in the  
14                  project within the community in which the  
15                  institution is located; and

16                   “(iii) a description of any means the  
17                  institution will employ to reduce the costs  
18                  of instructional materials, such as text-  
19                  books;

20           “(C) a description of each regulatory or  
21           statutory requirement for which waivers are  
22           sought, with a reason for each waiver;

23           “(D) a description of the expected out-  
24           comes of the program changes proposed, includ-

1           ing the estimated reductions in costs both for  
2           the institution and for students;

3           “(E) an assurance from each institution in  
4           a system or consortium of a commitment to ful-  
5           fill its role as described in the application;

6           “(F) an assurance that the participating  
7           institution or system of institutions will offer  
8           full cooperation with the ongoing evaluations of  
9           the demonstration project provided for in this  
10          section; and

11          “(G) any other information or assurances  
12          the Secretary may require.

13          “(d) SELECTION.—In selecting institutions to partici-  
14          pate in the demonstration project under this section, the  
15          Secretary shall take into account—

16               “(1) the number and quality of applications re-  
17               ceived, determined on the basis of the contents re-  
18               quired by subsection (c)(2);

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

21               “(3) an institution’s—

22                       “(A) financial responsibility;

23                       “(B) administrative capability;

24                       “(C) program or programs being offered  
25                       via distance education, if applicable;

1 “(D) student completion rates; and

2 “(E) student loan default rates; and

3 “(4) the participation of a diverse group of in-  
4 stitutions with respect to size, mission, and geo-  
5 graphic distribution.

6 “(e) NOTIFICATION.—The Secretary shall make  
7 available to the public and to the authorizing committees  
8 a list of institutions selected to participate in the dem-  
9 onstration project authorized by this section. Such notice  
10 shall include a listing of the specific statutory and regu-  
11 latory requirements being waived for each institution and  
12 a description of the innovations being demonstrated.

13 “(f) EVALUATIONS AND REPORTS.—

14 “(1) EVALUATION.—The Secretary shall evalu-  
15 ate the demonstration project authorized under this  
16 section on a biennial basis. Such evaluations specifi-  
17 cally shall review—

18 “(A) the extent to which expected out-  
19 comes, including the estimated reductions in  
20 cost, were achieved;

21 “(B) the number and types of students  
22 participating in the programs offered, including  
23 the progress of participating students toward  
24 recognized certificates or degrees and the extent

1 to which participation in such programs in-  
2 creased;

3 “(C) issues related to student financial as-  
4 sistance associated with the innovations under-  
5 taken;

6 “(D) effective technologies and alternative  
7 methodologies for delivering student financial  
8 assistance;

9 “(E) the extent of the cost savings to the  
10 institution, the student, and the Federal Gov-  
11 ernment resulting from the waivers provided,  
12 and an estimate as to future cost savings for  
13 the duration of the demonstration project;

14 “(F) the extent to which students saved  
15 money by completing their postsecondary edu-  
16 cation sooner;

17 “(G) the extent to which the institution re-  
18 duced its tuition and fees and its costs by par-  
19 ticipating in the demonstration project

20 “(H) the extent to which any collaborative  
21 arrangements with other institutions or organi-  
22 zations have reduced the participating institu-  
23 tion’s costs; and

24 “(I) the extent to which statutory or regu-  
25 latory requirements not waived under the dem-

1 demonstration project present difficulties for stu-  
2 dents or institutions.

3 “(2) POLICY ANALYSIS.—The Secretary shall  
4 review current policies and identify those policies  
5 that present impediments to the implementation of  
6 innovations that result in cost savings and in ex-  
7 panding access to education.

8 “(3) REPORTS.—The Secretary shall provide a  
9 report to the authorizing committees on a biennial  
10 basis regarding—

11 “(A) the demonstration project authorized  
12 under this section;

13 “(B) the results of the evaluations con-  
14 ducted under paragraph (1);

15 “(C) the cost savings to the Federal Gov-  
16 ernment by the demonstration project author-  
17 ized by this section; and

18 “(D) recommendations for changes to in-  
19 crease the efficiency and effective delivery of fi-  
20 nancial aid.

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

24 “(1) ensure compliance of institutions or sys-  
25 tems of institutions with the requirements of this

1 title (other than the sections and regulations that  
2 are waived under subsection (b)(2));

3 “(2) provide technical assistance to institutions  
4 in their application to and participation in the dem-  
5 onstration project;

6 “(3) monitor fluctuations in the student popu-  
7 lation enrolled in the participating institutions or  
8 systems of institutions;

9 “(4) monitor changes in financial assistance  
10 provided at the institution; and

11 “(5) consult with appropriate accrediting agen-  
12 cies or associations and appropriate State regulatory  
13 authorities.

14 “(h) TERMINATION OF AUTHORITY.—The authority  
15 of the Secretary under this section shall cease to be effec-  
16 tive on October 1, 2012.”.

17 **SEC. 12. MULTIPLE GRANTS.**

18 (a) AMENDMENT.—Paragraph (5) of section 401(b)  
19 (as redesignated by section 7(a)(2) of this Act) is amended  
20 to read as follows:

21 “(5) YEAR-ROUND PELL GRANTS.—The Sec-  
22 retary is authorized, for students enrolled in a bac-  
23 calaureate degree, associate’s degree, or certificate  
24 program of study at an eligible institution, to award  
25 such students not more than two Pell grants during

1 an award year to permit such students to accelerate  
2 progress toward their degree or certificate objectives  
3 by enrolling in courses for more than 2 semesters,  
4 or 3 quarters, or the equivalent, in a given academic  
5 year.”.

6 (b) **EFFECTIVE DATE.**—The amendment made by  
7 subsection (a) shall be effective July 1, 2009.

8 **SEC. 13. DEFERRAL OF LOAN REPAYMENT FOLLOWING AC-**  
9 **TIVE DUTY.**

10 Part G of title IV is amended by inserting after sec-  
11 tion 484B (20 U.S.C. 1091b) the following new section:

12 **“SEC. 484C. DEFERRAL OF LOAN REPAYMENT FOLLOWING**  
13 **ACTIVE DUTY.**

14 “(a) **DEFERRAL OF LOAN REPAYMENT FOLLOWING**  
15 **ACTIVE DUTY.**—In addition to any deferral of repayment  
16 of a loan made under this title pursuant to section  
17 428(b)(1)(M)(iii), 455(f)(2)(C), or 464(e)(2)(A)(ii), a bor-  
18 rower of a loan under this title who is a member of the  
19 National Guard or other reserve component of the Armed  
20 Forces of the United States, or a member of such Armed  
21 Forces in a retired status, is called or ordered to active  
22 duty, and is currently enrolled, or was enrolled within six  
23 months prior to the activation, in a program of instruction  
24 at an eligible institution, shall be eligible for a deferment  
25 during the 13 months following the conclusion of such

1 service, except that a deferment under this subsection  
2 shall expire upon the borrower's return to enrolled student  
3 status.

4       “(b) ACTIVE DUTY.—Notwithstanding section  
5 481(d), in this section, the term ‘active duty’ has the  
6 meaning given such term in section 101(d)(1) of title 10,  
7 United States Code, except that such term—

8               “(1) does not include active duty for training or  
9 attendance at a service school; but

10               “(2) includes, in the case of members of the  
11 National Guard, active State duty.”.