

Public Law 100-50  
100th Congress

An Act

To make certain technical and conforming amendments in the Higher Education Act of 1965, and for other purposes.

June 3, 1987

[H.R. 1846]

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

Higher  
Education  
Technical  
Amendments  
Act of 1987.  
20 USC 1001  
note.

SECTION 1. SHORT TITLE; REFERENCE.

(a) **SHORT TITLE.**—This Act may be cited as the “Higher Education Technical Amendments Act of 1987”.

(b) **REFERENCE.**—References in this Act to “the Act” are references to the Higher Education Act of 1965.

SEC. 2. INSTITUTIONAL AID.

(a) **TECHNICAL PROVISIONS.**—Title III of the Act is amended—

(1) in section 311(b)(1), by striking out “section 358(a)(1)” and inserting “section 360(a)(1)”; 20 USC 1057.

(2) in section 312(b)(1)—

20 USC 1058.

(A) by inserting “which” before “is” each place it appears in subparagraphs (C) and (D);

(B) by inserting “which” before “has” in subparagraph (E); and

(C) by inserting “which” before “meets” in subparagraph (F);

(3) in section 312(b)(3), by striking out “subparagraphs (A) and (B)” and inserting in lieu thereof “subparagraphs (A), (B), (C), and (D)”; 20 USC 1058.

(4) in section 312(b)(5), by striking out “subparagraphs (A) and (B)” and inserting in lieu thereof “subparagraphs (A), (B), (C), and (D)”; 20 USC 1058.

(5) in section 312(c)(1), by inserting “in the second fiscal year preceding the fiscal year for which the determination is being made” immediately after “Act”;

(6) in section 312(c)(2)—

(A) by striking out “preceding fiscal year,” and inserting in lieu thereof “fiscal year preceding the fiscal year for which determination is being made,”; and

(B) by striking out “such fiscal year” and inserting in lieu thereof “second preceding fiscal year”;

(7) in section 323(a), by striking out “section 358(a)(2)” and inserting “section 360(a)(2)”; 20 USC 1062.

(8) in section 325(a)(1), by striking out “section 322” and inserting “section 323”; 20 USC 1063a.

(9) in section 326(a)(2), by inserting before the period at the end thereof the following: “except that the Morehouse School of Medicine shall receive at least \$3,000,000”; Schools and colleges.

(10) in section 326(c), by striking out “section 333” and inserting “section 332”; 20 USC 1063b.

(11) in section 327(a), by striking out “Act” and inserting in lieu thereof “part”; 20 USC 1063c.

20 USC 1065. (12) in section 332(f)(1), by inserting “(or section 355)” after

“part A or B”;

20 USC 1066. (13) in section 351(b)(6), by striking out “section 356” and inserting “section 357”;

20 USC 1067. (14) in section 352(a)(2), by striking out “low- and middle-income” and inserting “low-income”;

(15) in section 352(b), by adding at the end thereof the following:

Indians.  
20 USC 1058. “(3) The Secretary may waive the requirement set forth in section 312(b)(1)(E) in the case of an institution located on or near an Indian reservation or a substantial population of Indians, if the Secretary determines that the waiver will substantially increase higher education opportunities appropriate to the needs of American Indians.”;

20 USC 1069a. (16) in section 355(a) by inserting “or part B” immediately after “part A” each place it appears; and

(17) in section 355(b), by inserting “part A or” immediately before “part B” each place it appears.

(b) APPLICATION REVIEW PROCESS.—Part A of title III of the Act is amended by adding at the end thereof the following new section:

“APPLICATION REVIEW PROCESS

20 USC 1059a. “SEC. 314. (a) REVIEW PANEL.—(1) All applications submitted under part A by institutions of higher education shall be read by a panel of readers composed of individuals selected by the Secretary which shall include outside readers who are not employees of the Federal Government. The Secretary shall ensure that no individual assigned under this section to review any application has any conflict of interest with regard to that application which might impair the impartiality with which that individual conducts the review under this section.

Minorities. “(2) The Secretary shall take care to include as readers representatives of historically and predominantly Black colleges, Hispanic institutions, Native American colleges and universities, and institutions with substantial numbers of students who are Hispanic, Native American, Asian American, and Native American Pacific Islander (including Native Hawaiians).

“(3) All readers selected by the Secretary shall receive thorough instruction from the Secretary regarding the evaluation process for applications submitted under part A, including—

Grants.  
20 USC 1057. “(A) explanations and examples of the types of activities referred to in section 311(b) that must receive special consideration for grants awarded under part A;

“(B) an enumeration of the factors to be used to determine the quality of applications submitted under part A; and

Grants. “(C) an enumeration of the factors to be used to determine whether a grant should be awarded for a project under part A, the amount of any such grant, and the duration of any such grant.

Grants. “(b) RECOMMENDATIONS OF PANEL.—In awarding grants under part A, the Secretary shall take into consideration the recommendations of the panel established under subsection (a).

“(c) NOTIFICATION.—Not later than June 30 of each year, the Secretary shall notify each institution of higher education making an application under part A of—

“(1) the scores given the applicant by the panel pursuant to this section;

“(2) the recommendations of the panel with respect to such application; and

“(3) the reasons for the decision of the Secretary in awarding or refusing to award a grant under part A and any modifications, if any, in the recommendations of the panel made by the Secretary.”.

Grants.

### SEC. 3. PELL GRANTS.

(a) **CLARIFICATION OF REFERENCE.**—Section 411(g)(2) of the Act is amended by striking out “paragraph (1)” and inserting “paragraph 1(B)”.

20 USC 1070a.

(b) **EXCLUSION OF FORCED SALE PROCEEDS.**—(1) Section 411A of the Act is amended by adding at the end thereof the following new subsection:

20 USC 1070a-1.

“(b) **EXCLUSION OF FORCED SALE PROCEEDS.**—In the computation of family contributions for the program under this subpart for any academic year, there shall be excluded from family income any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or an involuntary liquidation.”.

(2) Section 411B(g) of the Act is amended—

20 USC 1070a-2.

(A) by striking out “paragraphs (1) through (7)” in the matter preceding paragraph (1) and inserting “paragraphs (1) through (6)”; and

(B) by striking out paragraph (7).

(3) Section 411C(f) of the Act is amended—

20 USC 1070a-3.

(A) by striking out “paragraphs (1) through (7)” in the matter preceding paragraph (1) and inserting “paragraphs (1) through (6)”; and

(B) by striking out paragraph (7).

(4) Section 411D(f) of the Act is amended by striking out paragraph (5).

20 USC 1070a-4.

(c) **TREATMENT OF EXCLUDABLE INCOME.**—(1) Sections 411B(d)(1)(A), 411C(c)(1)(A), and 411D(c)(1)(A) are each amended by inserting before the semicolon “, less any excludable income (as defined in section 411F(9))”.

20 USC 1070a-6.

(2) Section 411B(i)(1)(A) of the Act is amended—

(A) by striking out “other than amounts earned under part C of this title”; and

(B) by inserting before the semicolon “, less any excludable income (as defined in section 411F(9))”.

(d) **EFFECTIVE FAMILY INCOME.**—Section 411B(d)(1) of the Act is amended—

(1) by striking out “and” at the end of subparagraph (A);

(2) by striking out “minus” at the end of subparagraph (B) and inserting “and”; and

(3) by inserting after such subparagraph the following:

“(C) one-half of the student’s total veterans educational benefits, excluding Veterans’ Administration contributory benefits, expected to be received during the award period, minus”.

Veterans.

(e) **CONTRIBUTION FROM STUDENT’S AND SPOUSE’S ASSETS.**—Section 411B(l) of the Act is amended by inserting before the period at the end thereof the following: “, except that in the case of a student who is a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined

29 USC 1651.

- 20 USC 1087vv. in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero".
- 20 USC 1070a-2. (f) ASSESSMENT OF DISCRETIONARY INCOME.—(1) Section 411B(f)(1) of the Act is amended to read as follows:  
 "(f) ASSESSMENT OF DISCRETIONARY INCOME.—(1) The discretionary income that is assessed under this subsection is equal to (A) the effective family income (as determined under subsection (d)), minus (B) the total offsets to such income (as determined under subsection (e)). If such discretionary income is a negative amount, the contribution from the parents' income is zero."
- 20 USC 1070a-3. (2) Section 411C(e)(1) of the Act is amended to read as follows:  
 "(e) ASSESSMENT OF DISCRETIONARY INCOME.—(1) The discretionary income that is assessed under this subsection is equal to (A) the effective family income (as determined under subsection (c)), minus (B) the total offsets to such income (as determined under subsection (d)). If such discretionary income is a negative amount, the contribution from the student's (and spouse's) income is zero."
- 20 USC 1070a-4. (3) Section 411D(e)(1) of the Act is amended to read as follows:  
 "(e) ASSESSMENT OF DISCRETIONARY INCOME.—(1) The discretionary income that is assessed under this subsection is equal to (A) the effective family income (as determined under subsection (c)), minus (B) the total offsets to such income (as determined under subsection (d)). If such discretionary income is a negative amount, the contribution from the student's (and spouse's) income is zero."  
 (4) Sections 411B(f)(2), 411B(j)(2), 411C(e)(2), and 411D(e)(2) of the Act are each amended by striking out "effective family income" each place it appears in the text thereof and inserting "discretionary income".  
 (5) The tables in sections 411B(f)(2) and 411C(e)(2) of the Act are each amended—  
 (A) by striking out "Effective family income" and inserting "Discretionary income"; and  
 (B) by striking out "effective family income" and inserting "discretionary income".  
 (g) TREATMENT OF DISLOCATED WORKERS AND DISPLACED HOME-MAKERS.—Sections 411B(g)(1), 411C(f)(1), and 411D(f)(3) of the Act are each amended by inserting before the period at the end of the first sentence the following: "except that in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero".
- 29 USC 1651. (h) CORRECTION OF REFERENCES.—(1) Section 411F(1)(B) is amended by striking out "paragraph (13)" and inserting "paragraph (15)".  
 (2) Section 411C(f)(5)(B) of the Act is amended by striking out "the calculation of effective family income required by subsection (c)" and inserting in lieu thereof "the assessment of discretionary income under subsection (e)".  
 (i) TUITION AND FEES.—Section 411F(5)(A) is amended by striking out "student's tuition and uniform compulsory fees" and inserting "tuition and uniform compulsory fees normally charged a full-time student".  
 (j) DEPENDENT OF A STUDENT.—Section 411F(6) is amended to read as follows:  
 "(6) Except as otherwise provided, the term (A) 'dependent of the student' means the student's spouse, the student's dependent children, and other persons who live with and receive more

than one-half of their support from the student and will continue to receive more than half of their support from the student during the award year; and (B) the term 'dependent of the parent' means the parents of the student, the student, any of the student's dependent children, dependent children of the student's parents, including those children who are deemed to be dependent students when applying for aid under this title, and other persons who live with and receive more than one-half of their support from the parents and will continue to receive more than half of their support from the parents during the award year."

(k) EXCLUDABLE INCOME.—Section 411F(9) of the Act is amended— 20 USC 1070a-6.

(1) in subparagraph (A), by striking out "(B), (C), and (D)" and inserting "(B) through (E)";

(2) by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) For a Native American Student, the annual adjusted family income does not include any income and assets of \$2,000 or less per individual payment received by the student (and spouse) and student's parents under the Per Capita Act or the Distribution of Judgment Funds Act or any income received by the student (and spouse) and student's parents under the Alaska Native Claims Settlement Act or the Maine Indians Claims Settlement Act.";

Indians.

(3) in subparagraph (D), by inserting "(including any income earned from work under part C of this title)" after "financial assistance"; and

43 USC 1601  
note.  
25 USC 1721  
note.  
42 USC 2751.

(4) by adding at the end thereof the following new subparagraph:

"(E) Annual adjusted family income does not include any unemployment compensation received by a dislocated worker certified in accordance with title III of the Job Training Partnership Act."

29 USC 1651.

(l) INDEPENDENT.—Section 411F(12) of the Act is amended—

(1) in subparagraph (B)(iii), by striking out "graduate" and inserting "graduate"; and

(2) in subparagraph (B)(vi), by striking out "an annual total income" and by inserting in lieu thereof "annual total resources (including all sources of resources other than parents)".

(m) UNTAXED INCOME AND BENEFITS.—Section 411F(15) of the Act is amended to read as follows:

"(15) The term 'untaxed income and benefits' means—

"(A) child support received;

"(B) welfare benefits, including aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act and aid to dependent children;

42 USC 601.

"(C) workman's compensation;

"(D) veterans' benefits such as death pension, dependency and indemnity compensation, but excluding veterans' education benefits;

"(E) interest on tax-free bonds;

"(F) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

"(G) cash support or any money paid on the student's behalf;

“(H) the amount of earned income credit claimed for Federal income tax purposes;

“(I) untaxed portion of pensions;

“(J) credit for Federal tax on special fuels;

“(K) the amount of foreign income excluded for purposes of Federal income taxes;

“(L) untaxed social security benefits;

“(M) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

“(N) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits.”.

29 USC 1501  
note.

#### SEC. 4. SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS.

20 USC 1070b-3.

(a) **FORMULA.**—Section 413D(d)(2) of the Act is amended—

(1) by striking out subparagraph (D) and inserting the following:

“(D) multiply the number of eligible dependent students in each income category by 75 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C), minus the expected family contribution determined under subparagraph (B) for that income category, except that the amount computed by such subtraction shall not be less than zero;” and

(2) by striking out subparagraph (F) and inserting the following:

“(F) multiply the number of eligible independent students in each income category by 75 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C), minus the expected family contribution determined under subparagraph (B) for that income category, except that the amount computed by such subtraction shall not be less than zero;”.

(b) **TECHNICAL AMENDMENTS.**—(1) Section 413D(d)(3)(A) of the Act is amended by striking out “and for graduate and professional students”.

(2) Section 413D(d)(3)(B) is amended—

(A) by striking out “and graduate and professional”; and  
(B) by striking out “and graduate”.

#### SEC. 5. STATE STUDENT INCENTIVE GRANTS.

20 USC 1070c-4.

Section 415E(1) of the Act is amended by striking out “literary” and inserting “literacy”.

#### SEC. 6. STUDENT SUPPORT SERVICES.

20 USC  
1070d-1b.

Section 417D(d) of the Higher Education Act of 1965 is amended by striking out “Post-Baccalaureate Achievement Program” and inserting in lieu thereof “Ronald E. McNair Post-Baccalaureate Achievement Program”.

#### SEC. 7. SEPARATION OF HEP/CAMP AUTHORIZATION.

20 USC 1070d-2.

Section 418A(g) of the Act is amended to read as follows:

“(g) **AUTHORIZATION OF APPROPRIATIONS.**—(1) There are authorized to be appropriated for the high school equivalency program

\$7,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

“(2) There are authorized to be appropriated for the college assistance migrant program \$2,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.”.

#### SEC. 8. VETERANS' EDUCATION OUTREACH.

Section 420A of the Act is amended—

20 USC 1070e-1.

(1) in subsection (b)(2)(B), by striking out “subchapter V or VI” and inserting “subchapter V”;

(2) in subsection (b)(5), by striking out “paragraph (3)(A)” and inserting “paragraph (4)(A)”;

(3) in subsection (c)(2)(A)(i), by striking out “subsection (e)” and inserting “subsection (b)(5)”; and

(4) in subsection (c)(2)(C)(ii)—

(A) by striking out “(I)”; and

(B) by striking out “and (II) in the case of any institution located near a military installation, under subchapter VI of such chapter 34”.

#### SEC. 9. SPECIAL CHILD CARE SERVICES.

Section 420B of the Act is amended—

20 USC 1070f.

(1) in subsection (b)(2)—

(A) by striking out “to pursue a successful program” in subparagraph (C) and inserting “to pursue successfully a program”;

(B) by striking out subparagraph (B); and

(C) by redesignating subparagraphs (C) through (F) as subparagraphs (B) through (E), respectively; and

(2) by striking out subsection (d) and inserting the following:

“(d) DEFINITION.—For purposes of this subpart, the term ‘low-income individual’ means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using the criteria of poverty established by the Bureau of the Census.”.

#### SEC. 10. GUARANTEED STUDENT LOANS.

(a) INAPPLICABILITY OF AGGREGATE LOAN LIMITS TO SUPPLEMENTAL AND PLUS LOANS.—Sections 425(a)(2)(A) and 428(b)(1)(B) are each amended—

20 USC 1075,  
1078.

(1) in clause (i), by inserting “, excluding loans made under section 428A or 428B” after “undergraduate education”; and

(2) in clause (ii) by inserting “, excluding loans made under section 428A or 428B” after “graduate or professional student”.

(b) TEACHER DEFERMENT; INTERNSHIP DEFERMENT.—(1) Sections 427(a)(2)(C)(vi) and 428(b)(1)(M)(vi) of the Act are each amended by inserting “nonprofit” before “private”.

20 USC 1077.

(2) Sections 427(a)(2)(C)(vii) and 428(b)(1)(M)(vii) of the Act are each amended by inserting before the semicolon at the end thereof the following: “or serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers post-graduate training”.

Health care  
facilities.

(c) MULTIPLE DISBURSEMENT.—Sections 427(a)(4) and 428(b)(1)(O) of the Act are each amended by striking out “more than \$1,000” and inserting “\$1,000 or more”.

- (d) **VARIABLE INTEREST RATES ON SUPPLEMENTAL AND PLUS LOANS.**—(1) Section 427A(c)(4) of the Act is amended—
- (A) in subparagraph (A), by striking out “to cover the cost of instruction for any period of enrollment beginning on or after July 1, 1987,” and inserting “and disbursed on or after July 1, 1987,”;
- (B) in such subparagraph (A), by striking out “any calendar year” and inserting “any 12-month period beginning on July 1 and ending on June 30”; and
- (C) by striking out subparagraph (B) and inserting the following:
- “(B) For any 12-month period beginning on July 1 and ending on June 30, the rate determined under this subparagraph is determined on the preceding June 1 and is equal to—
- “(i) the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to such June 1; plus
- “(ii) 3.25 percent.”.
- (2) Section 438(b)(2)(C) of the Act is amended by striking out “12.5 percent” and inserting “12 percent”.
- (e) **COMPLIANCE WITH LOAN LIMITS.**—Section 428(a)(2)(D) of the Act is amended by striking out “permits the student” and inserting “certifies the eligibility of any student”.
- (f) **INSURANCE PROGRAM AGREEMENTS.**—Section 428(b)(1) of the Act is amended—
- (1) by striking out “first or” in subparagraph (A)(i) and inserting “first and”;
- (2) by inserting before the semicolon at the end of subparagraph (N) the following: “and except in the case of attendance at an institution outside the United States, the funds shall be delivered directly to the student”;
- (3) by striking out “being dispensed” in subparagraph (O)(i) and inserting “being disbursed”;
- (4) by striking out subparagraph (P) and inserting the following:
- “(P) requires the borrower to notify the institution concerning any change in local address during enrollment and requires the borrower and the institution at which the borrower is in attendance promptly to notify the holder of the loan, directly or through the guaranty agency, concerning (i) any change of permanent address, (ii) when the student ceases to be enrolled on at least a half-time basis, and (iii) any other change in status, when such change in status affects the student’s eligibility for the loan;” and
- (5) by inserting in subparagraph (T) after “eligible institutions” the following: “(other than nonresidential correspondence schools)”.
- (g) **CLARIFICATION OF REFERENCE.**—Section 428(b)(5) of the Act is amended by striking out “paragraph (1)(M)” and inserting “paragraph (1)(M)(i)(III)”.
- (h) **GUARANTY AGENCY INFORMATION TRANSFERS.**—Section 428(b)(6) of the Act is amended—
- (1) in subparagraph (A), by striking out “Prior to the implementation of section 485B” and inserting “Until such time as the Secretary has implemented section 485B and is able to provide to guaranty agencies the information required by such section”; and

20 USC 1077a.

20 USC 1087-1.

20 USC 1078.

20 USC 1092b.



(2) in subparagraph (B), by striking out clause (ii) and inserting the following:

“(ii) the amount borrowed and the cumulative amount borrowed.”

(i) **SUPPLEMENTAL PRECLAIMS ASSISTANCE.**—Section 428(c)(6)(C)(iv) of the Act is amended by adding at the end thereof the following: “In the case of accounts brought into repayment status as a result of performing supplemental preclaims assistance, the cost of such assistance is a permissible charge to the borrower (for the cost of collection) for which the borrower shall be liable.”

20 USC 1078.

(j) **SECRETARY'S EQUITABLE SHARE; GARNISHMENT.**—Section 428(c)(6)(D) of the Act is amended by inserting “and enforces” after “enacts”.

(k) **REINSURANCE FEES.**—Section 428(c)(9) of the Act is amended—

(1) by inserting “covered” before “loans” each place it appears in clauses (i) and (ii) of subparagraph (A); and

(2) by adding at the end thereof the following new subparagraph:

“(D) For purposes of subparagraph (A), the term ‘covered loans’ means loans made under this part to which the insurance applies, but does not include loans made under section 428A(d), 428B(d), or 428C.”

20 USC 1078-1.

20 USC 1078-2,  
1078-3.

(l) **ESCROW OF DISBURSEMENTS.**—(1) The first sentence of section 428(i)(1) of the Act is amended by striking out “multiple”.

(2) The third sentence of section 428(i)(1) of the Act is amended by striking out “45” and inserting in lieu thereof “21”.

(m) **LENDERS-OF-LAST-RESORT.**—Section 428(j) is amended by adding at the end thereof the following new sentence: “The guaranty agency shall consider the request of any eligible lender, as defined under section 435(d)(1)(A) of this Act, to serve as the lender-of-last-resort pursuant to this subsection.”

20 USC 1085.

(n) **USE OF SUPPLEMENTAL LOAN PROGRAM BY UNDERGRADUATES.**—Section 428A(a) of the Act is amended by adding at the end thereof the following: “In addition, undergraduate dependent students shall be eligible to borrow funds under this section if the financial aid administrator determines, after review of the financial information submitted by the student and considering the debt burden of the student, that extenuating circumstances will likely preclude the student's parents from borrowing under section 428B for purposes of the expected family contribution and that the student's family is otherwise unable to provide such expected family contribution.”

20 USC 1078-1.

(o) **LOAN DEFERMENTS FOR SUPPLEMENTAL AND PLUS LOANS.**—(1) Sections 428A(c)(2) and 428B(c)(2) of the Act is amended by striking out “and interest” after “principal” the first time it appears.

20 USC 1078-2.

(2) Section 428B of the Act is amended—

(A) in subsection (a), by striking out “, but such a parent borrower” and all that follows through “clauses (i), (viii), and (ix) of such sections”;

(B) in subsection (c)(1), by striking out “subject to deferral pursuant to sections 427(a)(2)(C) (i), (viii), and (ix) and 428(b)(1)(M) (i), (viii), and (ix)” and inserting in lieu thereof “subject to deferral (A) during any period during which the parent meets the conditions required for a deferral under clause (i), (viii), or (ix) of section 427(a)(2)(C) or 428(b)(1)(M); and (B) during any period during which the borrower has a dependent student for whom a loan obligation was incurred under this

20 USC 1077.

section and who meets the conditions required for a deferral under clause (i) of either such section"; and

(C) in subsection (c)(2), by striking out "under sections 427(a)(2)(C)(i) and 428(b)(1)(M)(i)" and inserting "pursuant to paragraph (1) of this subsection".

20 USC 1078-1. (p) **LIMITATION ON SUPPLEMENTAL AND PLUS LOANS.**—(1) Section 428A(b)(3) of the Act is amended by striking out the first sentence and inserting the following: "Any loan under this section may be counted as part of the expected family contribution in the determination of need under this title, but no loan may be made to any student under this section for any academic year in excess of (A) the student's estimated cost of attendance, minus (B) other financial aid as certified by the eligible institution under section 428(a)(2)(A)."

20 USC 1078.

20 USC 1078-2.

(2) Section 428B(b)(3) of the Act is amended by striking out the first sentence and inserting the following: "Any loan under this section may be counted as part of the expected family contribution in the determination of need under this title, but no loan may be made to any parent under this section for any academic year in excess of (A) the student's estimated cost of attendance, minus (B) other financial aid as certified by the eligible institution under section 428(a)(2)(A)."

(q) **REPAYMENT OF SUPPLEMENTAL AND PLUS LOANS.**—Sections 428A(c)(2)(A) and 428B(c)(2)(A) of the Act are each amended by inserting "monthly or" before "quarterly".

(r) **REFINANCING OF SUPPLEMENTAL AND PLUS LOANS.**—(1) Sections 428A(d) and 428B(d) of the Act are each amended—

(A) in paragraph (1)—

(i) by inserting "at any time" after "An eligible lender may" in the first sentence;

(ii) by striking out "Unless the borrower complies with the requirements of paragraph (2)," in the second sentence and inserting "Unless the consolidated loan is obtained by a borrower who is electing to obtain variable interest under paragraph (2) or (3),"; and

(iii) by inserting "(if required by them)" after "shall be reported" in the third sentence;

(B) in paragraph (2)—

(i) by inserting "under this section before July 1, 1987, or" before "under section 428B";

(ii) by striking out "to reissue a loan" and inserting "to reissue a loan or loans"; and

(iii) by striking out "reissuing such loan" and inserting "reissuing such loan or loans"; and

(C) in paragraph (5)—

(i) by striking out "January 1, 1987" and inserting "October 1, 1987"; and

(ii) by inserting before the semicolon at the end of subparagraph (B) the following: "and of the practical consequences of such options in terms of interest rates and monthly and total payments for a set of loan examples".

20 USC 1078-1 note.

20 USC 1001 note.

20 USC 1077a.

(2) An eligible lender who has refinanced a loan or loans under section 428A(d) or 428B(d) between the date of enactment of the Higher Education Amendments of 1986 and July 1, 1987, may, at the request of a borrower or with the written consent of the borrower, amend the note or other written evidence of loan as necessary to comply with the requirements of such sections and section 427A(c)(4) as amended by this Act. Any borrower who is denied such a request

shall be treated as eligible to obtain a loan from another lender under section 428A(d)(3) or 428B(d)(3), as applicable, for the purposes of discharging the loan from the original lender, and a borrower exercising this option shall not be subject to an additional insurance fee under section 428A(d)(3)(C) or 428B(d)(3)(C).

20 USC 1078-1;  
1078-2.

(s) CONSOLIDATION LOANS.—Section 428C of the Act is amended—

20 USC 1078-3.

(1) in subsection (a)(1)(C), by striking out “(C) and (E)” and inserting in lieu thereof “(C), (E), and (J)”;

(2) in subsection (a)(3)(A)—

(A) in division (i), by adding “and” at the end thereof;

(B) in division (ii), by striking out the semicolon and “and” at the end thereof and inserting in lieu thereof a period; and

(C) by striking out division (iii);

(3) in subsection (a)(3)(B)—

(A) by striking out “loans received under this title” in the first sentence and inserting “eligible student loans received”;

(B) by striking out “under this part” and inserting “under this title”;

(C) by striking out “and 428(b)(1)(B)” in the second sentence and inserting “, 428(b)(1)(B), 428A(b)(2), and 464(a)(2)”;

(D) by adding at the end thereof the following new sentence: “Nothing in this subparagraph shall be interpreted to authorize the Secretary to require lenders, holders, or guarantors of consolidation loans to receive, to maintain, or to make reports with respect to pre-existing records relating to any eligible student loan (as defined under section 428C(a)(4)) discharged by a borrower in receiving a consolidation loan.”;

(4) in subsection (a)(4)(A), by inserting before the semicolon at the end thereof a comma and the following: “except for loans made to parent borrowers under section 428B, including loans made to parent borrowers under section 428B as in effect prior to the enactment of the Higher Education Amendments of 1986”;

(5) in subsection (b)(1)(C)—

(A) by striking out “subsection (a)(2)” in clause (i) and inserting “subsection (a)(3)”;

(B) by striking out “all loans received by the eligible borrower under this title” in clause (ii) and inserting “all eligible student loans received by the eligible borrower”;

(6) in subsection (c)(2)(A)(v), by striking out “more” and inserting “equal to or greater”; and

(7) in subsection (c)(5), by inserting before the period at the end thereof the following: “, but a fee may be payable by the lender to the guaranty agency to cover the costs of increased or extended liability with respect to such loan”.

(t) STATE GARNISHMENT PROGRAM.—Section 428E of the Act is amended—

20 USC 1001  
note.

(1) in subsection (a)(1) by inserting before the semicolon a comma and the following: “except that any State which has a garnishment law in effect on the date of the enactment of the Higher Education Amendments of 1986 which provides for the deduction of an amount not to exceed 15 percent of disposable

20 USC 1078-5.

pay, shall be deemed to meet the requirements of this paragraph”;

(2) in subsection (a)(6), by striking out “proper notice under paragraph (2),” and inserting in lieu thereof “notice of the withholding order,”; and

(3) in subsection (c), by striking out “notice given to the employer pursuant to subsection (a)(2)” and inserting in lieu thereof “notice of the withholding order”.

20 USC 1078-6.

(u) **REHABILITATION PROGRAM.**—Section 428F of the Act is amended—

(1) by striking out subsection (b); and

(2) by redesignating subsection (c) as subsection (b).

20 USC 1080a.

(v) **INFORMATION CONCERNING BORROWERS.**—Section 430A(e) of the Act is amended by adding at the end thereof the following new sentence: “To further the purpose of this section, an eligible institution may enter into an arrangement with any or all of the holders of delinquent loans made to borrowers who attend or previously attended such institution for the purpose of providing current information regarding the borrower’s location or employment or for the purpose of assisting the holder in contacting and influencing borrowers to avoid default.”

20 USC 1081.

(w) **CLARIFICATION OF REFERENCE.**—Section 431(a) of the Act is amended by striking out “section 422(c)(4)(C)” and inserting “section 422”.

20 USC 1082.

(x) **AUDITS OF FINANCIAL TRANSACTIONS.**—Section 432(f) of the Act is amended by inserting after paragraph (3) the following new paragraph:

“(4) **AUDIT PROCEDURES.**—In conducting audits pursuant to this subsection, the Comptroller General and the Inspector General of the Department of Education shall audit the records to determine the extent to which they, at a minimum, comply with Federal statutes, and rules and regulations prescribed by the Secretary, in effect at the time that the record was made, and in no case shall the Comptroller General or the Inspector General apply subsequently determined standards, procedures, or regulations to the records of such agency, lender, or Authority.”

(y) **CIVIL PENALTIES.**—Section 432(g)(2) of the Act is amended by striking out “representation” each place it appears in subparagraphs (A)(i) and (B) and inserting in lieu thereof “misrepresentation”.

20 USC 1083.

(z) **STUDENT LOAN INFORMATION.**—Section 433 of the Act is amended—

20 USC 1078-3.

(1) in the first sentence of subsection (a), by inserting “(other than a loan made under section 428C)” after “guaranteed under this part”;

(2) in subsection (a), by striking out paragraph (8) and inserting the following:

“(8) a statement of the total cumulative balance, including the loan applied for, owed by the student to that lender, and an estimate of the projected monthly payment, given such cumulative balance;”;

(3) in subsection (b)(7), by inserting before the semicolon at the end thereof the following: “, except that such explanation is not required when the loan being made is a consolidation loan under section 428C”; and

(4) in subsection (d), by striking out “makes the first disbursement of a loan with respect to a borrower” and inserting “notifies a borrower of approval of a loan”.

(aa) DEFINITIONS.—Section 435 of the Act is amended—

20 USC 1085.

(1) in subsection (b)(3), by inserting before the semicolon the following: “, or in the case of a hospital or health care facility, which provides training of not less than one year for graduates of accredited health professions programs, leading to a degree or certificate upon completion of such training”;

(2) in subsection (d)(1)—

(A) by striking out “and” at the end of subparagraph (H);

(B) by striking out the period at the end of subparagraph (I) and inserting “; and”;

(C) by inserting after such subparagraph the following:

“(J) for purpose of making loans under section 428C, any nonprofit private agency functioning in any State as a secondary market.”;

20 USC 1078-3.

(3) in section 435(d)(2)—

(A) by striking out “and” at the end of subparagraph (A);

(B) by striking out the period at the end of subparagraph (B) and inserting in lieu thereof a semicolon; and

(C) by inserting after subparagraph (B) the following:

“(C) shall make loans to not more than 50 percent of the undergraduate students at the institutions; and

“(D) shall not make a loan, other than a loan to a graduate or professional student, unless the borrower has previously received a loan from the school or has been denied a loan by an eligible lender;

except that the requirements of subparagraphs (C) and (D) shall not apply with respect to loans made, and loan commitments made, after the date of enactment of the Higher Education Amendments of 1986 and prior to July 1, 1987.”;

20 USC 1001  
note.

(4) by striking out paragraph (2) of subsection (g) and inserting the following:

“(2) DISABLED DEPENDENT OF A BORROWER.—Such term when used with respect to a disabled dependent of a borrower means a spouse or other dependent who, during a period of injury or illness of not less than 3 months, requires continuous nursing or similar services.”; and

(5) by striking out “DEFINITION OF” in the heading of subsection (h).

(bb) SPECIAL ALLOWANCES.—Section 438(b) of the Act is amended—

20 USC 1087-1.

(1) by striking out “subsection (c)” in paragraph (2)(B)(iii) and inserting “subsection (d)”;

(2) by inserting after paragraph (6) the following new paragraph:

“(7) USE OF AVERAGE QUARTERLY BALANCE.—The Secretary shall permit lenders to calculate interest benefits and special allowance through the use of the average quarterly balance method until July 1, 1988.”.

(cc) REPORT ON SPECIAL ALLOWANCES.—Section 438(d)(4)(C) of the Act is amended by striking out “, as evidenced by the information submitted under paragraph (2)(G) of this subsection”.

(dd) CORRECTION OF REFERENCE.—Section 439(d)(1)(E)(iii) of the Act is amended by inserting “Labor and” before “Human Resources”.

20 USC 1087-2.

**SEC. 11. COLLEGE WORK-STUDY.**

42 USC 2752.

- (a) **REALLOCATION.**—Section 442(e)(2) of the Act is amended—
- (1) by inserting “not to exceed” immediately before “25 percent”;
  - (2) by striking out “section 448” and inserting in lieu thereof “section 447”; and
  - (3) by striking out “subsection (c)” and inserting in lieu thereof “section 447(c)”.

42 USC 2753.

- (b) **WORK-STUDY AGREEMENTS.**—Section 443(b) of the Act is amended—
- (1) in paragraph (2)(A), by striking out “clause (6)(B)” and inserting “paragraph (5)(B)”; and
  - (2) in paragraph (5)(B), by striking out “clause (2)(A)” and inserting “paragraph (2)(A)”.

(c) **PRIVATE SECTOR AGREEMENT.**—(1) Section 443(c) of the Act is amended by striking out “In addition to the” and inserting in lieu thereof “As part of its agreement”.

(2) Section 443(c)(1) of the Act is amended by inserting “and subsection (b)(3)” before the semicolon.

42 USC 2756.

(d) **JOB LOCATION AND DEVELOPMENT AGREEMENTS.**—Section 446(b) of the Act is amended—

- (1) by striking out paragraph (3); and
- (2) by redesignating paragraphs (4) through (7) as paragraphs (3) through (6), respectively.

**SEC. 12. INCOME CONTINGENT LOAN DEMONSTRATION.**

20 USC 1087d.

Section 454(a)(4) of the Act is amended to read as follows:

“(4)(A) The interest rate on loans under this part shall, at the discretion of the participating institution, be (i) computed in accordance with subparagraph (B) based on the interest rate computed for the calendar year in which the loan was made, and fixed over the life of the loan, or (ii) variable each calendar year based on the interest rate computed in accordance with subparagraph (B) for such calendar year.

“(B) The interest rate applicable on such loans in accordance with subparagraph (A) shall be obtained by—

“(i) computing the average of the bond equivalent rates of 91-day Treasury bills auctioned for the 3-month period ending September 30 preceding such year; and

“(ii) by adding 3 percent to the resulting percent.”.

**SEC. 13. DIRECT STUDENT LOANS.**

20 USC 1087bb.

(a) **ALLOCATIONS IN PROPORTION TO FISCAL YEAR 1985 FEDERAL CAPITAL CONTRIBUTION.**—Section 462(a)(1) of the Act is amended by striking out subparagraph (A) and inserting the following:

“(A) 100 percent of the amount of Federal capital contribution such institution received under this part for fiscal year 1985, multiplied by”.

(b) **CORRECTION OF REFERENCE.**—Section 462(d) of the Act is amended by redesignating paragraph (3) the second time it appears as paragraph (4).

(c) **CORRECTION OF HEADING.**—Section 462(e) of the Act is amended by striking out “; CASH ON HAND”.

(d) **CORRECTION OF REFERENCE.**—Section 462(f) of the Act is amended by striking out “under paragraph (2)” and inserting “under subsection (g)”.

(e) NOTICE OF DEFAULT.—Section 463(a)(4) is amended by striking out “given to the Secretary” and everything that follows through “semiannually” and inserting “given to the Secretary in an annual report describing the total number of loans from such fund which are in such default”.

Reports.  
20 USC 1087cc.

(f) CORRECTION OF REFERENCE.—Section 463(b) of the Act is amended by striking out “section 485” and inserting “section 489”.

(g) ESTIMATES OF BALANCES.—Section 463A(a) of the Act is amended by striking out paragraph (8) and inserting the following:

20 USC 1087cc-1.

“(8) a statement of the total cumulative balance, including the loan applied for, owed by the student to that lender, and an estimate of the projected monthly payment, given such cumulative balance;”.

(h) DEFENSE EDUCATIONAL LOAN REPAYMENT.—Section 463A(a)(10) of the Act is amended by striking out “section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141, note);” and inserting “the Department of Defense educational loan repayment program (10 U.S.C. 2172);”.

(i) INTERNSHIP DEFERMENT.—Section 464(c)(2)(A)(vi) is amended by inserting before the semicolon at the end thereof the following: “or serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training”.

20 USC 1087dd.  
Schools and colleges.  
Health care facilities.

(j) REFERENCE TO OTHER PROGRAMS.—Section 465(a)(2) of the Act is amended—

20 USC 1087ee.

(1) in subparagraph (A) by striking out “title I of the Elementary and Secondary Education Act of 1965” and inserting “chapter 1 of the Education Consolidation and Improvement Act of 1981”;

(2) in subparagraph (A), by striking out “such title I” and inserting “such chapter 1”; and

20 USC 3801 *et seq.*

(3) in subparagraph (B), by striking out “section 222(a)(1) of the Economic Opportunity Act of 1964” and inserting “the Head Start Act”.

42 USC 9801  
note.

SEC. 14. NEEDS ANALYSIS.

Part F of title IV of the Act is amended—

(1) in sections 475(c)(2), 475(c)(4), 475(d)(2), 476(b)(2), 476(c)(2), 477(b)(2), 477(c)(2), and 477(d), striking out “section 479” and inserting “section 478”;

20 USC  
1087oo-1087qq.

(2) in sections 475(c)(7) and 477(b)(7), by striking out “National”;

(3) in sections 475(d)(2), 476(c)(2), and 477(c)(2), strike out “dislocated homemaker” and insert “displaced homemaker”;

(4) by striking out the table contained in sections 475(d)(2)(C), 476(c)(2)(C), and 477(c)(2)(C) and inserting the following:

“Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is:
Less than \$1.....	\$0
\$1-\$60,000.....	40 percent of NW
\$60,001-\$180,000.....	\$24,000 plus 50 percent of NW over \$60,000

## "Adjusted Net Worth of a Business or Farm—Continued

If the net worth of a business or farm is—	Then the adjusted net worth is:
\$180,001-\$300,000.....	\$84,000 plus 60 percent of NW over \$180,000
\$300,001 or more .....	\$156,000 plus 100 percent of NW over \$300,000";

20 USC 1087oo,  
1087qq.

(5) in sections 475(d)(4)(B) and 477(c)(4)(B), by striking out "\$15,000" and inserting "\$15,999";

(6) in sections 475(d)(4)(C) and 477(c)(4)(C), by striking out "\$15,000" each place it appears and inserting "\$16,000";

(7) in section 475(d)(4)(D), by striking out "equal to or less than zero" and inserting "less than zero";

(8) in sections 475(e) and 477(d), insert a minus sign before "\$3,409" each time it appears in the chart in each such section;

(9) in section 475(g)(1)(C), by striking out "paragraph (3)" and inserting "paragraph (2)";

(10) in section 475(g)(3), by inserting after "following table" the following: "(or a successor table prescribed by the Secretary under section 478)";

20 USC 1087rr.

(11) in section 475, by striking out subsection (h) and inserting the following:

"(h) **STUDENT (AND SPOUSE) INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.**—The student (and spouse) supplemental income from assets is determined by calculating the net assets of the student (and spouse) and multiplying the amount by 35 percent, except that in the case of a student who is a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero.";

29 USC 1651.

20 USC 1087vv.

(12) in such section, by adding at the end thereof the following new subsection:

"(i) **ADJUSTMENTS FOR ENROLLMENT PERIODS OTHER THAN 9 MONTHS.**—For periods of enrollment other than nine months, the parents' contribution from adjusted available income is determined as follows:

"(1) For periods of enrollment less than 9 months, the parents' contribution from adjusted available income (determined in accordance with subsection (b)) is divided by 9 and the result multiplied by the number of months enrolled.

"(2) For periods of enrollment greater than 9 months—

"(A) the parents' adjusted available income (determined in accordance with subsection (b)(1)) is increased by the difference between the standard maintenance allowance (determined in accordance with subsection (c)(4)) for a family of four and a family of five, each with one child in college;

"(B) the resulting revised parents' adjusted available income is assessed according to subsection (e) and adjusted according to subsection (b)(3) to determine a revised parents' contribution from adjusted available income;



“(C) the original parents’ contribution from adjusted available income is subtracted from the revised parents’ contribution from adjusted available income, and the result is divided by 12 to determine the monthly adjustment amount; and

“(D) the original parents’ contribution from adjusted available income is increased by the product of the monthly adjustment amount multiplied by the number of months greater than 9 for which the student will be enrolled.”;

(13) in section 476(b)(1)—

20 USC 1087pp.

(A) by striking out “subparagraph (B)” in subparagraph (C) and inserting “subparagraph (C)”;

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

(C) by striking out everything preceding clause (i) of subparagraph (A) and inserting the following:

“(A) adding the student’s adjusted gross income and any income earned from work but not reported on a Federal income tax return, and subtracting excludable income (as defined in section 480);

20 USC 1087vv.

“(B) computing the student’s available taxable income by deducting from the amount determined under subparagraph (A)—”;

(14) in section 476(b)(2), by striking out “total taxable income” and inserting “total income”;

(15) in section 476(b)(1)(C), by inserting after “section 480(c)” the following: “plus the amount of veterans’ benefits paid during the award period under chapters 32, 34, and 35 of title 28, United States Code”;

(16) in section 476(b)(4)—

(A) by striking out “\$8,900” each place it appears and inserting “\$8,600”; and

(B) by striking out “\$6,230” and inserting “\$6,020”;

(17) in section 476(c)(1)—

(A) by striking out the period at the end of subparagraph (C) and inserting a semicolon; and

(B) by inserting at the end thereof (flush with the margin of paragraph (1)) the following:

“except that the student’s income supplemental amount from assets shall not be less than zero.”;

(18) in section 477(a)(1)—

20 USC 1087qq.

(A) by striking out “and” at the end of subparagraph (A);

(B) by inserting “and” after the semicolon at the end of subparagraph (B); and

(C) by inserting after such subparagraph the following:

“(C) the amount of veterans’ benefits to be paid during the award period under chapters 32, 34, and 35 of title 38, United States Code”;

(19) in section 477(b)(5)(A), by striking out “\$2,000” and inserting “\$2,100”;

20 USC 1087rr.

(20) in section 478(d)—

(A) by inserting “, rounded to the nearest \$100,” after “present value cost”;

(B) by inserting “of 40 and above” after “each age cohort”; and

(C) by inserting after the second sentence the following:

“For each age cohort below 40, the asset protection allow-

ance shall be computed by decreasing the asset protection allowance for age 40, as updated, by one-fifteenth for each year of age below age 40 and rounding the result to the nearest \$100.”;

20 USC 1087rr. (21) in section 478(c)(2), by striking out “‘\$26,000’, ‘\$91,000’, and ‘\$169,000’” and inserting “‘\$24,000’, ‘\$84,000’, and ‘\$156,000’”;

(22) in section 478(f), by striking out “Consumer Price Index for Wage Earners and Clerical Workers” and inserting in lieu thereof “Consumer Price Index for All Urban Consumers”;

20 USC 1087ss. (23) in section 479(a)—

(A) by striking out “paragraph (2)” and inserting “subsection (b)”;

(B) by striking out “families which” and inserting “families (1) who”; and

(C) by striking out “and which file a form 1040A pursuant to the Internal Revenue Code of 1954” and inserting “and (2) who file a form 1040A or 1040EZ pursuant to the Internal Revenue Code of 1986, or are not required to file pursuant to such Code”;

26 USC 1 et seq.

(24) in section 479(b)—

(A) by striking out “and State” in paragraph (2);

(B) by striking out “and” at the end of paragraph (4);

(C) by striking out the period at the end of paragraph (5) and inserting “; and”; and

(D) by inserting after paragraph (5) the following new paragraph:

“(6) an allowance (A) for State and other taxes, as defined in section 475(c)(2) for dependent students and in section 477(b)(2) for independent students with dependents, or (B) for State and local income taxes, as defined in section 476(b)(2) for independent students without dependents.”;

State and local governments.  
Taxes.  
20 USC 1087oo,  
1087qq,  
20 USC 1087pp.

(25) in section 479, by adding at the end thereof the following new subsection:

“(c) SIMPLIFIED APPLICATION FORM.—The Secretary shall develop and use a simplified application form for families described in this section to qualify for the use of a simplified needs analysis.”;

20 USC 1087tt.

(26) by striking out section 479A and inserting in lieu thereof the following:

“DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS

“SEC. 479A. (a) IN GENERAL.—Nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator, on the basis of adequate documentation, to make necessary adjustments to the cost of attendance and expected student or parent contribution (or both) to allow for treatment of individual students with special circumstances. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator to use supplementary information about the financial status or personal circumstance of eligible applicants in selecting recipients and determining the amount of awards under subparts 1 and 2 of part A and parts B, C, and E of this title.

“(b) ADJUSTMENTS TO ASSETS TAKEN INTO ACCOUNT.—A student financial aid administrator shall be considered to be making a necessary adjustment in accordance with subsection (a) if—

“(1) the administrator determines, in his or her discretion, that the effective family income of the applicant is small in relation to—

“(A) the net value of the principal place of residence;

“(B) the net worth of a farm on which the family resides;

or

“(C) the net worth of a family owned and operated small business;

“(2) such administrator reduces or eliminates the amount of such net value or net worth that is subject to assessment in the computation of the expected family contribution of that applicant; and

“(3) the administrator reports the amount of such adjustments made with respect to determinations for Pell Grants to the contractor or contractors processing applications for such grants for the award year.

Grants.

“(c) **ASSET ADJUSTMENT AS EXAMPLE.**—The asset adjustment described in subsection (b) is an example of the type of adjustment which financial aid administrators are authorized to make by subsection (a), and shall not be considered to be the only adjustment that is so authorized.”;

(27) by striking section 479B and inserting in lieu thereof the following:

20 USC 1087uu.

“STUDENT ASSISTANCE AND OTHER FEDERAL PROGRAMS

“SEC. 479B. (a) **ATTENDANCE COSTS NOT TREATED AS INCOME OR RESOURCES.**—The portion of any student financial assistance received under this title, or under Bureau of Indian Affairs student assistance programs, that is made available for attendance costs described in subsection (b) shall not be considered as income or resources in determining eligibility for assistance under any other program funded in whole or in part with Federal funds.

“(b) **ATTENDANCE COSTS.**—The attendance costs described in this subsection are—

“(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study; and

“(2) an allowance for books, supplies, transportation, and miscellaneous personal expenses for a student attending the institution on at least a half-time basis, as determined by the institution.

“NATIVE AMERICAN STUDENTS

“SEC. 479C. In determining family contributions for Native American students, computations performed pursuant to this part shall exclude—

20 USC 1087uu-1.

“(1) any income and assets of \$2,000 or less per individual payment received by the student (and spouse) and student's parents under the Per Capita Act or the Distribution of Judgment Funds Act; and

“(2) any income received by the student (and spouse) and student's parents under the Alaskan Native Claims Settlement Act or the Maine Indian Claims Settlement Act.”; and

(28) in section 480—

43 USC 1601 note; 25 USC 1721 note.  
20 USC 1087vv.

(A) by striking out “paragraphs (2) and (3)” in subsection (a)(1) and inserting “paragraphs (2) through (4)”;

(B) by inserting before the period at the end of such subsection the following: “minus excludable income (as defined in subsection (f))”;

(C) by striking out paragraph (2) of subsection (a) and inserting the following:

“(2) In the computation of family contributions for the programs under subpart 2 of part A and parts B, C, and E of this title for any academic year, there shall be excluded from family income any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or an involuntary liquidation.”;

(D) by inserting at the end of subsection (a) the following:

“(4) No portion of any student financial assistance received from any program by an individual shall be included as income in the computation of expected family contribution for any program funded in whole or in part under this Act.”;

(E) by striking out subsections (b) and (c) and inserting the following:

“(b) **UNTAXED INCOME AND BENEFITS OF PARENTS AND INDEPENDENT STUDENTS WITH DEPENDENTS.**—The term ‘untaxed income and benefits’ when applied to parent contributions or the contributions of independent students with dependents (including spouses) means—

“(1) child support received;

“(2) welfare benefits, including aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act and aid to dependent children;

“(3) workman’s compensation;

“(4) veterans’ benefits such as death pension, dependency and indemnity compensation, but excluding veterans’ education benefits;

“(5) interest on tax-free bonds;

“(6) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

“(7) cash support or any money paid on the student’s behalf;

“(8) the amount of earned income credit claimed for Federal income tax purposes;

“(9) untaxed portion of pensions;

“(10) credit for Federal tax on special fuels;

“(11) the amount of foreign income excluded for purposes of Federal income taxes;

“(12) untaxed social security benefits;

“(13) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

“(14) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits.

“(c) **UNTAXED INCOME AND BENEFITS OF DEPENDENT STUDENTS OR INDEPENDENT STUDENTS WITHOUT DEPENDENTS.**—For the purpose of this part, the term ‘untaxed income and benefits’ when applied to the contributions of dependent students or independent students without dependents means—

“(1) child support received;

42 USC 601.

29 USC 1501  
note.

"(2) welfare benefits, including aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act and aid to dependent children;

42 USC 601.

"(3) workman's compensation;

"(4) veterans' benefits such as death pension, dependency and indemnity compensation, but excluding veterans' education benefits;

"(5) interest on tax-free bonds;

"(6) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

"(7) cash support or any money paid on the student's behalf;

"(8) the amount of earned income credit claimed for Federal income tax purposes;

"(9) untaxed portion of pensions;

"(10) credit for Federal tax on special fuels;

"(11) the amount of foreign income excluded for purposes of Federal income taxes;

"(12) untaxed social security benefits;

"(13) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

"(14) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits.";

29 USC 1501  
note.

(F) in subsection (d)(2)(F), by striking out "an annual total income" and by inserting in lieu thereof "annual total resources (including all sources of resources other than parents)"; and

(G) by inserting after subsection (e) the following new subsections:

"(f) EXCLUDABLE INCOME.—The term 'excludable income' means—

"(1) any unemployment compensation received by a dislocated worker certified in accordance with title III of the Job Training Partnership Act; and

29 USC 1651.

"(2) any student financial assistance awarded based on need as determined in accordance with the provisions of this part, including any income earned from work under part C of this title.

"(g) ASSETS.—The term 'assets' means cash on hand, including the amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, and the net value of real estate, income producing property, and business and farm assets.

"(h) NET ASSETS.—The term 'net assets' means the current market value at the time of application of the assets included in the definition of 'assets', minus the outstanding liabilities or indebtedness against the assets."

#### SEC. 15. GENERAL PROVISIONS.

Part G of title IV of the Act is amended—

(1) in section 481(c), by striking out "subsection (d) of this section" and inserting in lieu thereof "section 484(d)";

20 USC 1088.

(2) in section 482(b)—

20 USC 1089.

(A) by striking out "or 442(e)" and inserting ", 442(e), or 462(j)"; and

- (B) by striking out "and part C" and inserting ", part C, and part E";
- 20 USC 1090. (3) in the second sentence of section 483(a)(1), by inserting "or institutions in which the students are enrolled or accepted for enrollment" after "that applicants";
- (4) in the second sentence of such section 483(a)(1), by inserting before the period at the end thereof the following: "and on which the applicant shall clearly indicate a choice of lender";
- (5) in section 483(a)(2)—
- (A) by striking out "not less than 3" and inserting "not less than 5"; and
- (B) by adding at the end thereof the following: "The Secretary shall not select new multiple data entry processors after the date of enactment of the Higher Education Amendments Act of 1986, until the Advisory Commission on Student Financial Assistance has examined and made recommendations on the expansion of the number and kind of processors and its impact on students, has assessed and made recommendations on the relative cost of processing applications and development fees, and has examined and made recommendations on the implementation of a standardized fee for the reimbursement of all processors by the Federal Government.";
- 20 USC 1001 note. (6) in section 483—
- (A) by redesignating subsections (b) through (e) as subsections (c) through (f), respectively; and
- (B) by inserting after subsection (a) the following:
- "(b) CERTIFICATION OF CAPABILITY.—Beginning with the 1988-1989 processing year, the Secretary shall be authorized to enter into agreements with institutions of higher education, States, or private organizations for the purpose of certifying the capability of their systems for determining expected family contributions under part F of this title.";
- Contracts. State and local governments. (7) in section 484—
- (A) in subsection (a)(1), by inserting before the semicolon a comma and the following: "except as provided in subsection (b)(2)";
- (B) in subsection (b), insert "(1)" before "In";
- (C) in subsection (b), by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively; and
- (D) by inserting at the end of subsection (b) the following new paragraph:
- "(2) A student who—
- "(A) is carrying at least one-half the normal full-time work load for the course of study that the student is pursuing, as determined by an eligible institution, and
- "(B) is enrolled in a course of study necessary for enrollment in a program leading to a degree or certificate,
- shall be, notwithstanding paragraph (1) of subsection (a), eligible to apply for loans under part B of this title. The eligibility described in this paragraph shall be restricted to one 12-month period.";
- (8)(A) in section 484(d)—
- (i) by striking out "or" at the end of paragraph (1); and
- (ii) by striking out paragraph (2) and inserting in lieu thereof the following:
- "(2) be counseled prior to admission and be enrolled in and successfully complete the institutionally prescribed program of

remedial or developmental education not to exceed one academic year or its equivalent; or

“(3)(A) be administered a nationally recognized, standardized, or industry developed test, subject to criteria developed by the appropriate accrediting association, measuring the applicant’s aptitude to complete successfully the program to which the applicant has applied; and

“(B) with respect to applicants who are unable to satisfy the institutions’ admissions testing requirements specified in subparagraph (A), be enrolled in and successfully complete an institutionally prescribed program or course of remedial or developmental education not to exceed one academic year or its equivalent.”;

(B) in section 484(d), by adding at the end thereof the following new sentence:

20 USC 1091.

“In order to be eligible for assistance a student cannot be enrolled in either an elementary or a secondary school.”;

(9) in section 484(f), by adding at the end thereof the following new sentence: “In carrying out the provisions of this subsection no eligible institution shall be required to verify more than 30 percent of such applicants in any award year.”;

(10) in section 485(b), by inserting “(other than loans made pursuant to section 428B)” after “part B of this title”;

20 USC 1092.

Ante, p. 343.

Loans.

(11) in section 485(d), by inserting after the second sentence the following: “In addition, such information shall include information to enable borrowers to assess the practical consequences of loan consolidation, including differences in deferment eligibility, interest rates, monthly payments, and finance charges, and samples of loan consolidation profiles to illustrate such consequences.”;

(12) in section 485A(a), by striking out “clause (i), (ii), or (iii)” and inserting “subparagraph (A), (B), or (C)”;

20 USC 1092a.

(13) in section 485B—

20 USC 1092b.

(A) by striking out “Federal agencies” in subsection (b)(1) and inserting “public agencies”;

(B) by striking out “of a borrower for whom the guaranty agency provides insurance” in subsection (b)(2)(D) and inserting “of any borrower”; and

(C) by striking out “Federal agency” in subsection (b)(3) and inserting “public agency”;

(14) in section 488, by striking out “or 446” and inserting “or 442”;

20 USC 1095.

(15) in the second sentence of section 489(a), by striking out “section 448” and inserting in lieu thereof “section 447”;

20 USC 1096.

(16) in section 491(b), by adding at the end thereof the following new sentence: “The Secretary’s authority to terminate advisory committees of the Department pursuant to section 448(b) of the General Education Provisions Act ceased to be effective on June 23, 1983.”;

20 USC 1098.

(17) in section 491(i), by striking out “An amount, not to exceed \$500,000 in any fiscal year” and inserting in lieu thereof “In each fiscal year not less than \$500,000”; and

20 USC 1233g.

(18) in section 491, by adding at the end thereof the following new subsection:

“(j) SPECIAL INSTITUTIONAL LENDER STUDY.—

“(1) The Advisory Committee shall conduct a thorough study of institutional lender policy. In carrying out the study, the Advisory Committee shall examine, but not be limited to—

20 USC 1085.

“(A) the relevance and current applicability of the institutional lender criteria established in section 435(d);

“(B) the appropriateness of using default rates for loans made under part E or other institutional criteria to determine institutional participation;

“(C) whether or not a portion or all of any special allowance or other payments paid to institutional lenders should benefit need-based scholarship or grant programs;

“(D) whether or not institutional lenders should be required to hold loans made to eligible borrowers through graduation or termination of matriculation;

“(E) examine the extent and degree to which student access to loan capital would be adversely affected by the restrictions contained in section 435(d)(2); and

“(F) assess the potential impact on State secondary markets and lender portfolios if student borrowers at higher cost colleges and universities, who come from higher income families, concentrate their lending with a few large lenders and secondary markets.

“(2) The Advisory Committee shall consult with the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate in carrying out the study required by this subsection.

Reports.

“(3) The Advisory Committee shall, not later than 2 years after the date of enactment of the Higher Education Technical Amendments Act of 1987, prepare and submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report of the study required by this section.”.

#### SEC. 16. LEADERSHIP IN EDUCATIONAL ADMINISTRATION DEVELOPMENT.

Subpart 2 of part C of title V of the Act is amended—

20 USC 1109.

(1) in the matter preceding paragraph (1) of section 541(b), by striking out “contractors” and inserting in lieu thereof “grantees”;

20 USC 1109a.

(2) in section 542, by striking out “for any fiscal year” and inserting “for fiscal year 1987 or any succeeding fiscal year”;

20 USC 1109b.

(3) in section 543—

(A) in subsection (a)—

(i) in the subsection heading, by striking out “CONTRACTS” and inserting in lieu thereof “GRANTS”; and

(ii) by striking out “enter into contracts with” and inserting in lieu thereof “award grants to”;

(B) in subsection (b)—

(i) in the subsection heading, by striking out “CONTRACT” and inserting in lieu thereof “GRANT”;

(ii) in the matter preceding paragraph (1), by striking out “contract entered into” and inserting in lieu thereof “grant awarded”; and

(iii) by striking out “contractor” each place it appears and inserting in lieu thereof “grantee”; and

(C) in subsection (c)—



(i) in the subsection heading, by striking out "CONTRACTORS" and inserting in lieu thereof "GRANTEES"; and

(ii) by striking out "contract" and inserting in lieu thereof "grant";

(4) in section 544—

(A) in the section heading, by striking out "CONTRACTS" and inserting in lieu thereof "GRANTS";

(B) in subsection (a), by striking out "CONTRACT" and "contract" each place they appear and inserting in lieu thereof "GRANT" and "grant", respectively; and

(C) in subsection (b), by striking out "CONTRACT", "contract", and "contractor" each place they appear and inserting in lieu thereof "GRANT", "grant", and "grantee", respectively; and

(5) in section 545—

(A) by striking out "and" at the end of paragraph (1);

(B) by striking out the period at the end of paragraph (2) and inserting "; and"; and

(C) by adding at the end thereof the following:

"(3) the term 'State' includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands."

20 USC 1109c.

20 USC 1109d.

#### SEC. 17. CONGRESSIONAL TEACHER SCHOLARSHIP PROGRAM.

(a) DESIGNATION OF CONGRESSIONAL TEACHERS' SCHOLARSHIPS.—

(1) section 551 of the Act is amended by inserting "(a) PURPOSE.—" after the section designation;

(2) by striking out the second sentence of such section; and

(3) by adding at the end thereof the following new subsection:

"(b) DESIGNATION.—Scholarships awarded under this subpart shall be referred to as the 'Paul Douglas Teacher Scholarships'."

(b) APPLICATIONS.—Section 553 of the Act is amended—

(1) in subsection (a), by striking out "section 546" and inserting "section 551";

(2) in subsection (b)(4)(A)—

(A) by striking out "elementary or" and inserting "pre-school, elementary school, or";

(B) by inserting "or private nonprofit" immediately before "education program in any State"; and

(C)(i) by inserting "or" after "State," the first time it appears; and

(ii) by striking out "or, on a full-time basis handicapped children or children with limited English proficiency in a private nonprofit school,"; and

(3) in subsection (b)(4)(B), by striking out "section 557" and inserting "section 556".

(c) REPAYMENT PROVISION.—Section 557 of the Act is amended by inserting after "interest" the following: "(but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of this title)".

(d) EXCEPTIONS TO REPAYMENT.—Section 558(a)(6) of the Act is amended by inserting before the semicolon the following: "for a single period not to exceed 27 months".

20 USC 1111.

20 USC 1111b.

20 USC 1111f.

20 USC 1111g.

**SEC. 18. LANGUAGE AND AREA CENTERS.**

20 USC 1122. Section 602(b)(1)(B) of the Act is amended by striking out “in a program of competency-based training,” immediately after “in a program of competency-based language training.”

**SEC. 19. ACADEMIC FACILITIES.**

Title VII of the Act is amended—

20 USC 1132a. (1) in section 701(b), by inserting “part A or B of” after “grants under”;

20 USC 1132a-1. (2) in section 702(a), by inserting at the end thereof a comma and the following: “or for a preceding fiscal year”;

20 USC 1132d. (3) in the matter preceding paragraph (1) in section 731(a) by striking out “and insure”;

20 USC 1132d-2. (4) in section 733—  
(A) in the section heading, by striking out “AND INSURANCE”; and  
(B) in subsection (a) by striking out “and insuring”;

20 USC 1132g-3. (5) in section 764(c)(1), by inserting “at least a two-year program acceptable for full credit toward” immediately before “a baccalaureate degree”; and

20 USC 1132i-1. (6) in section 782(1)(B)—  
(A) by striking out “section 724” and inserting “section 701”, and  
(B) by striking out “section 843” and inserting “section 853”.

**SEC. 20. JACOB K. JAVITS FELLOWS PROGRAM.**

Part C of title IX of the Act is amended—

20 USC 1134h. (1) by striking out the heading of section 931 and inserting the following:

“AWARD OF JACOB K. JAVITS FELLOWSHIPS”;

20 USC 1134i. (2) in section 932(a)(1), by striking out “National Graduate” and inserting “Jacob K. Javits”;

20 USC 1134j. (3) in section 932(a)(2)(C), by striking out “directing” and inserting “selecting”; and

(4) in section 933(b)(1), by striking out the period at the end thereof and inserting in lieu thereof a comma and “except that such amount charged to a fellowship recipient and collected from such recipient for tuition and other expenses required by the institution as part of the recipient’s instructional program shall be deducted from the payment to the institution under this subsection.”

**SEC. 21. GENERAL PROVISIONS.**

20 USC 1141. (a) **TECHNICAL AMENDMENT.**—Section 1201(a) of the Act is amended by striking out “have the ability to benefit from the training offered by the institution” and inserting in lieu thereof “meet the requirements of section 484(d) of this Act”.

*Ante*, p. 356.

20 USC 1145e. (b) **PEER REVIEW PROCESS.**—Title XII of the Act is amended by redesignating section 1210 as section 1211, and by adding after section 1209 the following new section:

“APPLICATION OF PEER REVIEW PROCESS

20 USC 1145d-1. “SEC. 1210. All applications submitted under the provisions of this Act which require peer review shall be read by a panel of readers

composed of individuals selected by the Secretary which shall include outside readers who are not employees of the Federal Government. The Secretary shall ensure that no individual assigned under this section to review any application has any conflict of interest with regard to that application which might impair the impartiality with which that individual conducts the review under this section."

**SEC. 22. EFFECTIVE DATES OF THE HIGHER EDUCATION AMENDMENTS OF 1986.**

(a) **SEOG ALLOCATION.**—Section 401(b) of the Higher Education Amendments of 1986 is amended—

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

(2) by inserting after paragraph (5) the following new paragraph:

"(6) The changes made in section 413D of the Act shall apply with respect to the allocation of funds for the academic year 1988-1989 and succeeding academic years."

(b) **GSL AMENDMENTS.**—Section 402(b) of such Amendments is amended—

(1) by striking out paragraph (2) and inserting the following:

"(2) the changes in sections 427(a)(2)(C) and 428(b)(1)(M) of the Act (other than clauses (viii), (ix), and (x) of each such section) shall apply only to loans to new borrowers that (A) are made to cover the cost of instruction for periods of enrollment beginning on or after July 1, 1987; or (B) are disbursed on or after July 1, 1987;"

(2) in paragraphs (3) and (4), by inserting "disbursed on or after January 1, 1987, or" after "only to loans"; and

(3) in paragraph (7), by inserting "disbursed on or after 30 days after the date of enactment of this Act or" after "with respect to loans".

(c) **CWS AMENDMENTS.**—Section 403(b) of such Amendments is amended by striking out "(b) EFFECTIVE DATE.—" and inserting in lieu thereof the following:

"(b) **EFFECTIVE DATES.**—(1) Section 442 of the Act shall apply with respect to the allocation of funds for academic year 1988-1989 and succeeding academic years.

"(2)".

(d) **NDSL AMENDMENTS.**—Section 405(b) of such Amendments is amended—

(1) by inserting "and section 463A" after "Section 463(a)(9)" in paragraph (2);

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

(3) by inserting after the subsection heading the following:

"(1) Section 462 of the Act shall apply with respect to academic year 1988-1989 and succeeding academic years."

(e) **EFFECTIVE DATE OF CERTAIN NEED ANALYSIS PROVISIONS.**—Section 406(b) of such Amendments is amended—

(1) by striking out "paragraphs (2) and (3)" in paragraph (1) and inserting "paragraphs (2) through (4)";

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following new paragraph:

"(4) Section 479B of the Act (as so added) shall apply with respect to financial assistance provided for any academic year beginning after such date of enactment."

20 USC 1070a-1  
note.

20 USC 1070d-1b  
note.

20 USC 1070b-3  
note.

20 USC 1070b-3.

20 USC 1071  
note.

42 USC 2753  
note.

42 USC 2752  
note.

42 USC 2753  
note.

20 USC 1087dd  
note.

20 USC 1087bb.

20 USC 1087kk  
note.

20 USC 1087vv  
note.

Ante, p. 353.  
20 USC 1087kk  
note.

20 USC 1145d note. (f) SUNSET FOR DISCLOSURE OF FOREIGN GIFTS.—Section 1206(b) of such Amendments is amended by striking out “section 1208” and inserting “section 1209”.

### SEC. 23. EDUCATION ADMINISTRATION.

Title XIII of the Higher Education Amendments of 1986 is amended—

20 USC 1091 note. (1) in section 1301, by striking out “section 484(d)” and inserting “section 484(c)”;

20 USC 1121 note. (2) in section 1302(b)(1), by striking out “this title” and inserting “title VI of the Act”;

20 USC 1221e-1 note. (3) in section 1303—

(A) by striking out “shall, through the Office of Education Research and Improvement or the Center for Education Statistics,” in subsection (a) and inserting “, through the Office of Educational Research and Improvement,”;

(B) by striking out “the Department of Education,” in subsection (b)(3);

(C) by striking out “Resources,” in such subsection and inserting “Resources”; and

(D) by adding at the end thereof the following:

Appropriation authorization. “(f) There are authorized to be appropriated \$2,700,000 for the fiscal year 1987 and for each of the 2 succeeding fiscal years to carry out the provisions of this section.”;

20 USC 1011 note. (4) in section 1304—

(A) by striking out “of this title” in subsection (a) and inserting “of title I of the Act”;

(B) by inserting “the provision of” before “an information network” in subsection (b)(2);

(C) by striking out “under this title” in subsection (c) and inserting “under this section”; and

(D) by striking out “purposes of this title” in such subsection and inserting “purposes of title I of the Act”;

100 Stat. 1583. (5) in section 1307—

(A) by striking out “\$2,700,000” and inserting in lieu thereof “\$1,000,000”; and

(B) by striking out “this part” and inserting in lieu thereof “sections 1301 and 1302”;

Loans. 20 USC 1071 note. (6) in section 1314 by adding at the end thereof the following new sentence: “Nothing in this section shall be interpreted to authorize the Secretary to require lenders, holders, or guarantors to maintain or report records relating to the loans discharged by borrowers in receiving a consolidation loan pursuant to section 428C of the Act.”; and

20 USC 1078-3. 20 USC 1221-1 note. (7) in section 1341, by striking out subsection (b) and inserting in lieu thereof the following:

Contracts. “(b) REPORT REQUIRED.—Not later than one year after the date of entering into a contract with the Department of Education for the study described in this section, the National Academy of Sciences shall prepare and submit to the Congress a report, together with a description of programs on the use of volunteers and with such recommendations as deemed appropriate.”.

### SEC. 24. GENERAL EDUCATION PROVISIONS ACT.

20 USC 1221e. (a) EDUCATIONAL RESEARCH.—Section 405(g)(1)(C) of the General Education Provisions Act is amended to read as follows:

“(C) not less than \$5,700,000 shall be available in each fiscal year to assist a separate system of 16 education resources information clearinghouses (including direct supporting dissemination services) pursuant to subsection (d)(3)(A) of this section, having the same functions and scope of work as the clearinghouses had on the date of enactment of the Higher Education Amendments of 1986;”.

20 USC 1001  
note.

(b) **EDUCATION STATISTICS.**—Section 406(e)(1) of the General Education Provisions Act is amended by adding at the end thereof the following new sentence: “All funds received in payment for work or services described in this paragraph shall be deposited in a separate account which may be used to pay directly the costs of such work or services, to repay appropriations which initially bore all or part of such costs, or to refund excess sums when necessary.”.

20 USC 1221e-1.

#### SEC. 25. UNITED STATES INSTITUTE OF PEACE.

Section 1703 of the United States Institute of Peace Act is amended by inserting after “(3)” the following: “establish a Jeannette Rankin Research Program on Peace to”.

22 USC 4604.

#### SEC. 26. EXEMPTION FROM CERTAIN PROVISIONS OF LAW.

The parties to the term loan and security agreement dated March 3, 1986, as amended, pursuant to which up to \$21,000,000 of loans will be made to students and parents of students at a university located in California by a branch of a foreign bank located in New York shall, with respect to loans made on or before February 20, 1987, and the transactions relating thereto under such term loan and security agreement, be deemed not to be in violation of the provisions of sections 435(d)(5)(A) and 490(c) of the Higher Education Act of 1965.

Loans.  
Contracts.  
California.

20 USC 1085,  
1097.

#### SEC. 27. EFFECTIVE DATE OF TECHNICAL AMENDMENTS.

The amendments made by this Act shall take effect as if enacted as part of the Higher Education Amendments of 1986.

20 USC 1001  
note.

Approved June 3, 1987.

#### LEGISLATIVE HISTORY—H.R. 1846:

HOUSE REPORTS: No. 100-44 (Comm. on Education and Labor).  
CONGRESSIONAL RECORD, Vol. 133 (1987):

Apr. 21, considered and passed House.  
May 19, considered and passed Senate, amended.  
May 20, House concurred in Senate amendment.