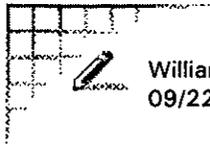


NLWJC - Kagan

DPC - Box 020 - Folder 001

**Education - Higher Education Act,
Title III**

Educ - Higher Ed Act -
Title III



William R. Kincaid
09/22/97 08:31:03 PM

Record Type: Record

To: Elena Kagan/OPD/EOP
cc: Michael Cohen/OPD/EOP
Subject: HEA Title III

Just by way of update, as I alluded to at the Ed strategy meeting, it looks as though ED has gotten DOJ sign-off to send up the Institutional Aid provisions of the Higher Ed Act reauthorization proposal with the new provisions with respect to Hispanic Serving Institutions (HSI's), but the legislation has not gone to the Hill yet. The understanding is that the legislation would go up without the findings section, to begin with, while ED and DOJ do further refinements on that.

----- Forwarded by William R. Kincaid/OPD/EOP on 09/22/97 03:27 PM -----



Maureen McLaughlin @ ed.gov
09/22/97 02:31:00 PM

Record Type: Record

To: Robert Shireman, William R. Kincaid
cc:
Subject: Re[6]: Press conferences

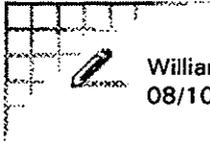
Yes--we have their clearance to send Title III to the Hill without the findings attached while DOJ and ED polish them some more. (this is what we did on graduate ed also) We are ready to send the legislation up except for an HBCU capital financing issue raised by OMB. We think we have worked out compromise language with Treasury and OMB but Wayne Upshaw is sending it up the chain of command in OMB, hopefully today, to get final clearance on allowable activities for HBCU capital financing. Maureen

Reply Separator

Subject: Re: Re[4]: Press conferences
Author: William_R_Kincaid@oa.eop.gov at Internet
Date: 9/22/97 12:07 PM

Message Creation Date was at 22-SEP-1997 12:07:00

Thanks. Have things ever been finally resolved with DOJ on Title III?



William R. Kincaid
08/10/97 06:50:41 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

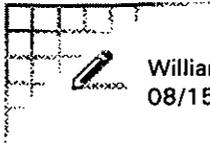
cc:

Subject: Title III

fyi--

I gather that late last week Ken Apfel signalled a bit more flexibility on the issue of authorization levels for Title III. OMB would ok an overall increase for all of Title III (including, but not limited to HBCUs, Hispanic Serving Institutions, and Tribal Colleges and Universities) from the FY 98 request of \$205 million to \$235 million for FY 99 (an increase of about 15%), with flexibility for ED in how to allocate that. In the legislation ED could either be specific about authorization levels for specific sections or just indicate that each section will get an increase. \$235M would be less than the what ED sought in its proposal (about \$270 M, I think). Alternatively, ED could go to Raines, but might not even be able to bank on the \$235 M. ED will need to think through whether this amount would suffice and I'm sure this will be discussed at Tuesday's meeting with Riley.

-- Bill



William R. Kincaid
08/15/97 07:51:16 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Michael Cohen/OPD/EOP

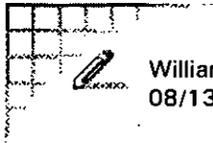
cc:

Subject: Higher Ed Title III

fyi--

Secretary Riley held meetings this week with Bill Gray/HBCU advocates as well as advocates for Hispanic Serving Institutins (including MALDEF and an organization called HACU). I gather these went fairly well. However, OLC at Justice has raised some possible Adarand concerns with provisions regarding HSI's (which lack the historical background of HBCUs and the special status of tribal colleges), so ED is going to be taking a more careful look at that.

-- Bill



William R. Kincaid
08/13/97 01:35:50 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc:

Subject: HEA Title III

Yesterday I participated in a meeting with Secretary Riley to discuss how to move forward on the Administration's proposal for reauthorizing Title III (institutional aid) of the Higher Ed Act and how to respond to the letter from Bill Gray and Henry Ponder with regard to the treatment of Hispanic Serving Institutions (HSI's). Basically, this was the strategy that folks agreed on:

1. Pending final DOJ clearance, the legal and policy issues that Gray and Ponder raise can be satisfactorily addressed and changes made with respect to HSI's and Tribal Colleges are the right way to go.
2. ED will go back to Ken Apfel and ask for 5-10 million more in the authorization level (though still quite a bit short of the initially proposed level) to avoid getting hit for cutting some of the specific subsections and losing the ability to assemble a coalition. (Riley went over the numbers personally and deliberately, and fully agreed that it was necessary).
3. Hold a series of small meetings with HBCU leaders (Gray and Ponder) and then (separately) with Hispanic Institution leaders, urging them both to work collaboratively, to take the long view, and to avoid fights that can be exploited by opponents of any assistance. This message is especially important for the HBCUs to hear given the growing Hispanic presence in the country.
4. Hold similar meetings with key black caucus and Hispanic caucus leaders, with largely the same message.
5. There was discussion about subsequently holding joint black/Hispanic meetings, but less certainty about that.
6. They will hold off on sending up the bill until the meetings have been held.

There is openness to White House participation in these meetings, but for now nobody seems to be pushing for it.

I thought all this sounded pretty sensible, but said that I would run it by you (and also with folks in NEC). Please let me know if this approach seems ok to you, and I will connect with NEC. Also, do I need to run this by Andy Blocker and/or Maria Echaveste?

Thanks.

Educ - Higher Ed Act - Title III

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

Title III reauthorization structure

The revised Title III structure will be as follows:

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

Use of funds

• *New technology initiative*

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

• *Endowment funds*

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

Restructuring

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

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

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

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

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

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

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

New part

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

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

Increased funding

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

| (In thousands of dollars) | FY1998* | FY1999* |
|---|------------------|------------------|
| Aid for Institutional Development: | | |
| Strengthening Institutions (Part A) | \$ 55,450 | \$ 80,000 |
| Strengthening Hispanic-serving Institutions (HSIs) (Part A: Sec. 316/proposed Part D) | 12,000 | 24,000 |
| Strengthening Historically Black Colleges and Universities (HBCUs) (Part B: Sec. 323) | 113,000 | 130,000 |
| Strengthening Historically Black Graduate Institutions (HBGIs) (Part B: Sec. 326) | 19,606 | 26,000 |
| Strengthening Tribal Colleges & Universities (TCUs) (proposed Part E) | 0 | 5,000 |
| Minority Science Improvement Program (MSIP) (proposed Part F) | 5,255 | 10,000 |
| Total Title III program: | \$205,311 | \$275,000 |

*President's proposed budget

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

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

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

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

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

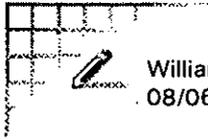
Minority Science Improvement (MSIP): The authorization level requested for MSIP is \$10 million. This level is an increase of nearly 50 percent over the President's FY 1998 budget request.

JUL-25-1997 15:56 TO:W KINCAID

FROM:DADE, J.

P. 35/35

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



William R. Kincaid
08/06/97 06:29:35 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Ananias Blocker III/WHO/EOP, Michael Cohen/OPD/EOP
Subject: Higher Ed Act Title III

I understand that Ken Apfel has disagreed to specific authorization levels for this, which would increase the likelihood of Black Caucus-Hispanic Caucus battles when this goes up. Mike Smith is supposed to be calling to appeal.

----- Forwarded by William R. Kincaid/OPD/EOP on 08/06/97 06:22 PM -----



William R. Kincaid
08/05/97 07:57:00 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Michael Cohen/OPD/EOP, Ananias Blocker III/WHO/EOP
Subject: Higher Ed Act Title III

Bruce and Elena--

The Education Department is preparing to submit the portion of the Higher Ed Act reauthorization that deals with aid for improving postsecondary institutions such as Historically Black Colleges and Universities (HBCUs). Currently the law allows for assistance to both HBCUs and other institutions that serve traditionally under-represented populations, such as Hispanic-Serving Institutions (HSIs) and Tribal Colleges and Universities. However, as the law is currently structured, HSI's and Tribal Colleges are bunched in with other kinds of needy institutions, whereas HBCUs have their own separate section of the law. Ultimately a much smaller share of HSIs (25%--about \$10.8 million per year, going to 37 institutions) and Tribal colleges actually receive aid compared with HBCUs (100% -- I think -- of 98 institutions, receiving \$110 million per year). At the same time, the educational challenges facing Hispanics and Native Americans are certainly compelling, and by some measures (like dropout and college-going rates) at least as daunting as those facing African Americans.

The Department's proposal, as announced in testimony by Secretary Riley, would create two new sections within the program, one for HSIs and one for Tribal Colleges. This is something that has been sought by Hispanic groups, in particular. The proposal would also substantially increase the authorization levels for both HBCUs and for HSI's and Tribal Colleges.

In discussions with the staff of the Congressional Black Caucus, and now in a letter to the POTUS from former Congressman Bill Gray and Henry Ponder on behalf of the National Association for

Equal Opportunity in Higher Education, it has been made clear that many in the black community are strongly opposed to this change. The biggest issue, it seems, is (especially in the tight budgetary environment) that they are concerned that HBCUs would now have to more directly compete with HSIs and Tribal Colleges for money, and will wind up with less than they have had in the past. Two other arguments have been made by opponents. The first is that, by giving HSIs and Tribal Colleges the more prominent set-aside, they will place all such assistance (including that to HBCUs) at risk to legal (Adarand) challenges, because the HBCU provisions are more strongly rooted in a unique historical background and mission for these institutions. I have asked the counsel's office to look into this issue, and folks at ED are as well, but at first blush I'm a little skeptical given that HSI's already had their own line-item. The other concern raised is that the changes would repeal certain targeting provisions and open up non-needy institutions such as UCLA to the Title III program, something which the Department feels isn't true, because even institutions with 25% Hispanic enrollment (the basic criterion for being an HSI) would have to meet other targeting provisions applicable to all schools that receive aid under Title III. The Black Caucus has asked ED to delay sending the bill up so the CBC can work something out with the Hispanic Caucus.

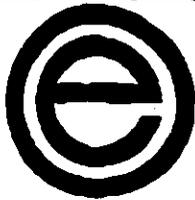
Despite the concerns raised, the Secretary is conscious that he has already publicly indicated the path the Administration expects to take on this and, in general, continues to feel that establishing the new provisions for HSIs and Tribal Colleges is the right way to go. However, we have slowed down the expected timeframe for transmitting the legislation a little to allow for additional analysis of the issues raised and for a meeting next Tuesday at ED involving the Secretary, Mike Smith, and others to carefully review Hill strategy. The bill remains under review by both DOJ and OMB for clearance purposes (OMB will require special sign-off because the bill includes specific authorization levels for each of the types of institutions assisted, as well as an overall increase from FY 98 budget levels (from about \$205 million to \$275 million; this will be a critical part of a successful Hill strategy on the measure).

The letter to POTUS requests a meeting with Bruce and Gene Sperling to discuss these issues. They argue that the needs of Latino students can be met without such a significant impact on HBCUs. I will need some guidance from Bruce on whether this is something he wants to be involved with, or whether he would prefer that Riley and/or Mike Smith, perhaps together with Cohen, should handle this. One complicating factor is the Bruce is scheduled to leave town (the 19th) about the time Cohen gets back, although Mike C. will be in town the latter part of next week and could attend a meeting here if necessary. Another complicating factor is that the Department feels that it has tried to be responsive to a general effort that the Administration overall has been making to insure that Hispanics are getting a fair shake from education programs. I did check today with Riley's scheduler, who said that the Secretary had not met with Gray or Ponder anytime recently, certainly not on this issue. In any event, everyone seems pretty clear that a meeting, not a reply letter (especially from the POTUS), is the correct next step.

Cathy has a copy of the Ponder/Gray letter, but I will re-fax over to you both, along with an ED-provided summary and proposed authorization levels, and then I will red-dot over a copy of the legislation in the a.m.

Thanks.

220708



National Association For Equal Opportunity In Higher Education
 NAFEO • Black Higher Education Center • Lovejoy Building • 400 12th Street, N.E.
 Washington, D.C. 20002 • Telephone (202) 543-9111 • Fax No. (202) 543-9113

Educ - Higher Ed Act - Title III

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Vice President, NAFEO
 Washington, DC

July 16, 1997

The Honorable William J. Clinton
 The White House
 1600 Pennsylvania Avenue, N.W.
 Washington, D.C. 20500

Dear Mr. President:

On behalf of the Nation's Historically Black Colleges and Universities (HBCUs), we are writing to call to your attention a matter of grave concern. During our meeting with you and the Vice President on February 24th, you indicated that your door was open and that we should bring any important matters affecting HBCUs to your attention. Just such an issue has arisen.

In his June 19, 1997 testimony before the House Subcommittee on Postsecondary Education, Training and Lifelong Learning, Secretary Riley indicated that the Department of Education would include in its Higher Education Act reauthorization proposals, a recommendation that a separate part be created in Title III authorizing funds for "Hispanic-serving Institutions" (HSIs). While the HBCU community has long supported institutional assistance for colleges and universities that enroll significant numbers of low income and "first generation" Latino students, we believe this proposal is seriously flawed. There are inherent legal, public policy, and budgetary problems with the proposal advanced by the Hispanic Association of Colleges and Universities (HACU) in testimony before the Congress and embraced by your Administration.

Our serious concerns about HACU's Title III recommendations can be summarized briefly. First, the recommendations would allocate Title III funds to a category of institutions based largely on the race or national origin of a portion of the enrolled students. As you know, both the Fourth Circuit Court of Appeals and the Fifth Circuit Court of Appeals have questioned the constitutionality of minority scholarships (Kiran v. Podboresky) and race-based admissions policies (Hopwood v. University of Texas), respectively, i.e. use of race as the factor in making financial aid award and admissions decisions is constitutionally "suspect." The Supreme Court of the United States has also expressed similar reservations in Adarand and more recently in the Miller congressional redistricting case in Georgia. Both your administration and the Supreme Court in Fordice, have recognized

22nd National Conference on Blacks in Higher Education
 "KEEPING THE DOORS OF OPPORTUNITY OPEN"
 April 8-13, 1997
 Washington Hilton & Towers Hotel, Washington, D.C.

The Honorable William J. Clinton
 July 16, 1997
 Page Two

the unique historical and legal position of HBCUs -- which distinguishes them from any other category of colleges and universities.

Second, we believe the endorsement of HACU's recommendations to de-emphasize the use of low income and "first-generation" student status in defining HSI institutional eligibility in Title III is mistaken. Repealing the current Title III eligibility requirements -- relative to defining HSIs based on their enrollment of low income and "first-generation" college students -- alters the fundamental intent of the Title III Institutional Aid program. Problems already exist with the HSI program since large, well-endowed public institutions -- like UCLA and the University of Texas at Arlington -- are currently eligible for an institutional aid program designed to help poorer colleges and universities which enroll significant numbers of low and middle income students. The proposed amendments further exacerbate the allocation of institutional aid based on the enrollment of only 25 percent of its students.

Finally, the proposed modifications would dramatically expand HSI institutional eligibility without providing concomitant fiscal resources to support that expansion. Without sufficient appropriations to support the newly-admitted HSIs, funding for other Title III institution participants will be threatened and undermined. Your administration, in fiscal year 1995, recommended a reduction in Title III, Part A funding. Congress largely adopted that recommendation -- resulting in reduced funding to HSIs and other Part A institutions. We believe the solution to the funding for HSIs can be found in providing additional resources to programs which serve Latino students, e.g. Pell Grants, the TRIO programs, and increased Title III, Part A funding -- not through modifying the institutional definition of HSIs.

As a result of these concerns, we are requesting your intervention and support in facilitating a mutually beneficial resolution of this matter. Consequently, we would very much appreciate and welcome the opportunity to meet with Bruce Reed and Gene Sperling to discuss our concerns and proposals for addressing the needs of HSIs and Latino students. We believe this can be accomplished without compromising the existing Title III program and the policies supporting institutional aid to HBCUs.

Thank you for your consideration of our request. We look forward to hearing from you in the very near future.

Sincerely,



Henry Fonder
 President/CEO
 NAFEO



William H. Gray, III
 President/CEO
 The College Fund/UNCF

Education - Higher Ed Act - Title III

TITLE III (INSTITUTIONAL AID)

DRAFT 7/25/97

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

(1) in section 301--

(A) in subsection (a)--

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

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

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

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

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

(2) by amending section 311--

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

(B) in subsection (b)--

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

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

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

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

“(A) faculty development.

“(B) funds and administrative management.

“(C) development and improvement of academic programs.

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

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

“(F) student services.

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

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

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

(3) in section 312--

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

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

“(A) an institution of higher education--

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

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

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

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

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

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

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

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

(B) by striking out subsection (f);

(4) in section 313--

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

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

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

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

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

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

“APPLICATIONS

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

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

subsection (a) shall also include--

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

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

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

(6) by repealing sections 315 and 316;

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

(8) in section 323--

(A) in subsection (a)--

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) in section 326—

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

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

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

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

and

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

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

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

"(A) Morehouse School of Medicine;

"(B) Meharry Medical School;

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

"(D) Clark-Atlanta University;

"(E) Tuskegee University qualified graduate program;

"(F) Xavier University qualified graduate program;

"(G) Southern University qualified graduate program;

"(H) Texas Southern University qualified graduate program;

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

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

"(K) Morgan State University qualified graduate program;

"(L) Hampton University qualified graduate program;

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

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

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

"(P) Jackson State qualified graduate program; and

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

(D) in subsection (f)--

(i) in paragraph (2)--

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

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

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

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

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

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

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

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

“FINDINGS

“SEC. 331. The Congress finds that--

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

?

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

enhancing their ability to participate in our

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

democracy or citizenship skills

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

(not social "political skills")

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

hell

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

?

“DEFINITIONS

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

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

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

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

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

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

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

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

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

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

"(IV) student centers or student unions; or

"(V) other essential service facilities;

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

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

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

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

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

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

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

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

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

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

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

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

FEDERAL INSURANCE FOR BONDS

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

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

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

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

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

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

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

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

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

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

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

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

"(8) establish an escrow account--

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

"(B) the balance of which--

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

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

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

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

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

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

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

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

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

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

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

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

interest on the bonds, less

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

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

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

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

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

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

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

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

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

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

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

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

"AUTHORITY OF THE SECRETARY

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

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

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

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

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

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

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

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

"HBCU CAPITAL FINANCING ADVISORY BOARD

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

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

Wolke

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

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

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

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

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

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

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

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

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

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

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

"MINORITY BUSINESS ENTERPRISE UTILIZATION.

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

?
How does
this
compare
with minority
business provision
in other legislative

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

"CONTINUATION OF INSTITUTIONAL AWARDS UNDER THE ENDOWMENT CHALLENGE GRANTS PROGRAM

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

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

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

(14) in section 352--

(A) in subsection (a)--

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

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

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

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

(B) in subsection (b)--

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

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

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

"(i) low student enrollment.

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

“(iii) high energy costs.

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

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

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

(15) in section 356--

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

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

(16) in section 360--

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

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

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

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

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

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

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

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

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

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

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

(17) in part D--

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

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

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

“PART D-STRENGTHENING HISPANIC-SERVING INSTITUTIONS

“FINDINGS; PURPOSE

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

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

Seems a little condescending?

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

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

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

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

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

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

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

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

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

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

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

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

these programs benefit students from all racial and ethnic groups.

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

"PROGRAM AUTHORIZED

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

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

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

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

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

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

"DEFINITIONS

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

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

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

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

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

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

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

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

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

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

"AUTHORIZED ACTIVITIES

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

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

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

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

"(D) curriculum development and academic instruction.

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

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

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

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

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

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

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

" PLANNING GRANTS

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

"APPLICATIONS

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

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

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

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

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

"PART E --STRENGTHENING TRIBAL COLLEGES AND UNIVERSITIES

"FINDINGS; PURPOSE

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

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

institutions.

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

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

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

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

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

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

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

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

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

"PROGRAM AUTHORIZED

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

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

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

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

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

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

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

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

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

"DEFINITIONS

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

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

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

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

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

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

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

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

"AUTHORIZED ACTIVITIES

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

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

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

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

"(D) curriculum development and academic instruction.

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

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

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

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

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

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

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

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

"PLANNING GRANTS

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

"APPLICATIONS

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

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

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

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

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

"PART F--MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAMS

"PURPOSE, PROGRAM AUTHORIZATION

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

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

"GRANT RECIPIENT SELECTION

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

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

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

"(1) plan of operation.

"(2) quality of key personnel.

"(3) budget and cost effectiveness.

"(4) evaluation plan.

"(5) adequacy of resources.

"(6) identification of need for the project.

"(7) potential institutional impact of the project.

"(8) institutional commitment to the project.

"(9) expected outcomes.

"(10) scientific and educational value of the proposed project.

"USE OF FUNDS

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

- "(1) institutional grants (as defined in section 1046(6));
- "(2) cooperative grants (as defined in section 1046(7));
- "(3) design projects (as defined in section 1046(8)); or
- "(4) special projects (as defined in section 1046(9)).

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

- "(A) faculty development programs; and
- "(B) development of curriculum materials.

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

- "(A) assisting institutions in sharing facilities and personnel;
- "(B) disseminating information about established programs in science and engineering;
- "(C) supporting cooperative efforts to strengthen the institution's science and engineering programs; and
- "(D) carrying out a combination of any of the activities in subparagraphs (A) through (C).

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

- "(i) developing planning, management, and evaluation systems; and
- (ii) developing plans for initiating scientific research and for improving institutions' capabilities for such activities.

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

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

- "(A) advanced science seminars;

“(B) science faculty workshops and conferences;

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

“(D) research in science education;

“(E) programs for visiting scientists;

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

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

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

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

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

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