

## **Summary of provisions of the House Rules Committee amendment specific to education**

Title II – Health, Education, Labor, and Pensions

Subtitle A – Education

**Section 2001. Short Title; References.** Provides that this subtitle may be cited as the “SAFRA Act,” and that, except as otherwise provided, whenever an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Higher Education Act of 1965.

### **Part I—Investing in Students and Families**

**Section 2101. Federal Pell Grants.** Amends the Higher Education Act to include mandatory funding for the Pell Grant. This provides additional mandatory funding to augment funds appropriated to increase the federal maximum Pell Grant award by the change in the Consumer Price Index. The mandatory component of the funding is determined by inflating the previous year’s total and subtracting the maximum award provided for in the appropriations act for the previous year or \$4860, whichever is greater. Beginning in the 2018-2019 academic year, the maximum Pell award will be at the 2017-2018 level.

**Section 2102. Student Financial Assistance.** This section provides \$13.5 billion in mandatory appropriations to the Federal Pell Grant program.

**Section 2103. College Access Challenge Grant Program.** This section amends section 786 of the Higher Education Act by authorizing and appropriating \$150 million for fiscal years 2010 through 2014 for the College Access Challenge Grant program created under the College Cost Reduction and Access Act of 2007. Provides that the allotment for each State under this section for a fiscal year shall not be an amount that is less than 1.0 percent of the total amount appropriated for a fiscal year.

**Section 2104. Investment in Historically Black Colleges and Universities and Minority Serving Institutions.** This section amends section 371(b) of the Higher Education Act by extending funding for programs under this section created under the College Cost Reduction and Access Act of 2007 for programs at Historically Black Colleges and Universities and minority-serving institutions through 2019, including programs that help low-income students attain degrees in the fields of science, technology, engineering or mathematics by the following annual amounts: \$100 million to Hispanic Serving Institutions, \$85 million to Historically Black Colleges and Universities, \$15 million to Predominantly Black Institutions, \$30 million to Tribal Colleges and Universities, \$15 million to Alaska, Hawaiian Native Institutions, \$5 million to Asian American and Pacific Islander Institutions, and \$5 million to Native American non-tribal serving institutions.

### **Part II—Student Loan Reform**

**Section 2201. Termination of Federal Family Education Loan Appropriations.** This section terminates the authority to make or insure any additional loans in the Federal Family Education Loan program after June 30, 2010.

**Section 2202. Termination of Federal loan Insurance Program.** This section is a conforming amendment with regard to the termination of the FFEL program, limiting Federal insurance to those loans in the Federal Family Education Loan program for loans first disbursed prior to July 1, 2010.

**Section 2203. Termination of Applicable Interest Rates.** This section makes a conforming amendment with regard to the termination of the FFEL program limiting interest rate applicability to Stafford, Consolidation, and PLUS loans to those loans made before July 1, 2010.

**Section 2204. Termination of Federal payments to Reduce Student Interest Costs.** This section makes a conforming amendment with regard to the termination of the FFEL program by limiting subsidy payments to lenders for those loans for which the first disbursement is made before July 1, 2010.

**Section 2205. Termination of FFEL PLUS Loans.** This section makes a conforming change with regard to the termination of the FFEL program for federal PLUS loans by prohibiting further FFEL origination of loans after July 1, 2010.

**Section 2206. Federal Consolidation Loans.** This section makes conforming changes with regard to the termination of the FFEL program for federal consolidation loans. This section also provides that, for a 1 year period, borrowers who have loans under both the Direct Lending program and the FFEL program, or who have loans under either program as well as loans that have been sold to the Secretary, may consolidate such loans under the Direct Lending program regardless of whether such borrowers have entered repayment on such loans.

**Section 2207. Termination of Unsubsidized Stafford loans for Middle-Income Borrowers.** This section makes conforming changes with regard to the termination of the FFEL program for Unsubsidized Stafford loans by prohibiting further FFEL origination of loans after July 1, 2010.

**Section 2208. Termination of Special Allowances.** This section makes conforming changes with regard to the termination of the FFEL program by limiting special allowance payments to lenders under the FFEL program to loans first disbursed before July 1, 2010.

**Section 2209. Origination of Direct Loans at Institutions Outside the United States.** This section provides for the origination of federal Direct Loans at institutions located outside of the United States, through a financial institution designated by the Secretary.

**Section 2210. Conforming amendments.** This section makes conforming technical changes with regard to the termination of the FFEL program for Department of Education agreements with Direct Lending institutions.

**Section 2211. Terms and Conditions of Loans.** This section makes conforming technical changes with regard to the termination of the FFEL program to clarify the terms and conditions of Direct Loans.

**Section 2212. Contracts.** This section directs the Secretary to award contracts for servicing federal Direct Loans to eligible non-profit servicers. In addition, this section provides that for the first 100,000 borrower loan accounts, the Secretary shall establish a separate pricing tier. Specifies that the Secretary is to allocate the loan accounts of 100,000 borrowers to each

eligible non-profit servicer. The section also permits the Secretary to reallocate, increase, reduce or terminate an eligible non-profit servicer's allocation based on the performance of such servicer. In addition, this section appropriates mandatory funds to the Secretary to be obligated for administrative costs of servicing contracts with eligible non-profit servicers. This section also requires the Secretary to provide technical assistance to institutions of higher education participating or seeking to participate in the Direct Lending program. This section appropriates \$50 million for fiscal year 2010 to pay for this technical assistance. Additionally, this section authorizes the Secretary to provide payments to loan servicers for retaining jobs at location in the United States where such servicers were operating on January 1, 2010. This section appropriates \$25,000,000 for each of fiscal years 2010 and 2011 for such purpose.

**Section 2213. Agreements with State-Owned Banks.** This section amends Part D of Title IV to direct the Secretary to enter into an agreement with an eligible lender for the purpose of providing Federal loan insurance on student loans made by state-owned banks.

**Section 2214. Income-Based Repayment.** The section amends the Income-Based Repayment program to cap student loan payments for new borrowers after July 1, 2014 to 10% of adjusted income, from 15% percent, and to forgive remaining balances after 20 years of repayment, from 25 years.