



1998 Amendments to Higher Education Act of 1965

P.L. 105-244

TITLE IV--STUDENT ASSISTANCE

PART A--GRANTS TO STUDENTS

SEC. 401. FEDERAL PELL GRANTS.

(a) EXTENSION OF AUTHORITY- Section 401(a)(1) (20 U.S.C. 1070a(a)(1)) is amended--

(1) in the first sentence, by striking 'The Secretary shall, during the period beginning July 1, 1972, and ending September 30, 1998,' and inserting 'For each fiscal year through fiscal year 2004, the Secretary shall'; and

(2) in the second sentence, by inserting 'until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in an accurate and timely manner,' after 'pay eligible students'.

(b) AMOUNT OF GRANT- Paragraph (2)(A) of section 401(b) is amended to read as follows:

'(2)(A) The amount of the Federal Pell Grant for a student eligible under this part shall be--

- '(i) \$4,500 for academic year 1999-2000;
- '(ii) \$4,800 for academic year 2000-2001;
- '(iii) \$5,100 for academic year 2001-2002;
- '(iv) \$5,400 for academic year 2002-2003; and
- '(v) \$5,800 for academic year 2003-2004,

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.'

(c) RELATION OF MAXIMUM GRANT TO TUITION AND EXPENSES- Paragraph (3) of section 401(b) is amended to read as follows:

'(3)(A) For any academic year for which an appropriation Act provides a maximum basic grant in an amount in excess of \$2,700, the amount of a student's basic grant shall equal \$2,700 plus--

` (i) one-half of the amount by which such maximum basic grant exceeds \$2,700; plus

` (ii) the lesser of--

` (I) the remaining one-half of such excess; or

` (II) the sum of the student's tuition and, if the student has dependent care expenses (as described in section 472(8)) or disability-related expenses (as described in section 472(9)), an allowance determined by the institution for such expenses.

` (B) An institution that charged only fees in lieu of tuition as of October 1, 1998, may include in the institution's determination of tuition charged, fees that would normally constitute tuition.'

(d) REGULATIONS FOR MULTIPLE AWARDS- Section 401(b)(6) is amended--

(1) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(2) by inserting `(A)' after the paragraph designation; and

(3) by adding at the end the following:

` (B) The Secretary shall promulgate regulations implementing this paragraph.'

(e) TIME LIMIT TO RECEIVE GRANTS- Section 401(c) is amended by adding at the end the following:

` (4) Notwithstanding paragraph (1), the Secretary may allow, on a case-by-case basis, a student to receive a basic grant if the student--

` (A) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education; and

` (B) is enrolled or accepted for enrollment in a postbaccalaureate program that does not lead to a graduate degree, and in courses required by a State in order for the student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary school in that State,

except that this paragraph shall not apply to a student who is enrolled in an institution of higher education that offers a baccalaureate degree in education.'

(f) INSTITUTIONAL INELIGIBILITY BASED ON DEFAULT RATES- Section 401 is amended by adding at the end the following:

` (j) INSTITUTIONAL INELIGIBILITY BASED ON DEFAULT RATES-

` (1) IN GENERAL- No institution of higher education shall be an eligible institution for purposes of this subpart if such institution of higher education is ineligible to participate in a loan program under part B or D as a result of a final default rate determination made by the Secretary under part B or D after the final publication of cohort default rates for fiscal year 1996 or a succeeding fiscal year.

` (2) SANCTIONS SUBJECT TO APPEAL OPPORTUNITY- No institution may be subject to the terms of this subsection unless the institution has had the opportunity to appeal the institution's default rate determination under regulations issued by the Secretary for the loan program authorized under part B or D, as applicable. This subsection shall not apply to an institution that was not participating in the loan program authorized under part B or D on the date of enactment of the Higher Education Amendments of 1998, unless the institution subsequently participates in the loan programs.'

(g) CONFORMING AMENDMENTS-

(1) Section 400(a)(1) (20 U.S.C. 1070(a)(1)) is amended by striking `basic educational opportunity grants' and inserting `Federal Pell Grants'.

(2) The heading of subpart 1 of part A of title IV (20 U.S.C. 1070a et seq.) is amended to read as follows:

`Subpart 1--Federal Pell Grants'.

(3) Section 401 is amended--

(A) in the heading of the section, by striking `basic educational opportunity' and inserting `federal pell';

(B) in subsection (a)(3), by striking `Basic grants' and inserting `Grants';

(C) by striking `basic grant' each place the term appears and inserting `Federal Pell Grant'; and

(D) by striking `basic grants' each place the term appears and inserting `Federal Pell Grants'.

(4) Section 401(f)(3) is amended by striking `Education and Labor' and inserting `Education and the Workforce'.

(5) Section 452(c) (20 U.S.C. 1087b(c)) is amended by striking `basic grants' and inserting `Federal Pell Grants'.

(6) Subsections (j)(2) and (k)(3) of section 455 (20 U.S.C. 1087e) are each amended by striking `basic grants' and inserting `Federal Pell Grants'.