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## STATEMENT BY THE PRESIDENT

1st version  
Diefenderfer

I have approved S. 2657, the Education Amendments of 1976. I have done so with some reluctance because parts of the legislation are unwise and others contain authorization levels which we cannot realistically expect to meet. I have signed the legislation, however, because of the positive elements it contains and because most of its worst elements are readily susceptible to corrective legislation in the next session of Congress.

I particularly regret the inclusion of the so-called trigger mechanism which operates to divert funds from student assistance to clearly undesirable forms of institutional assistance which the Congress itself has not even recently ~~sought to fund~~ *in a substantial way.*

In raising the maximum Basic Educational Opportunity Grant from \$1400 to \$1800, effective in the 1978-79 school year, the Congress may well have continued its penchant for

promising more than we can responsibly provide. I am committed to the basic grant program but I could not responsibly assess, at this time, that in two years we could fully fund this program at the new level.

There are other features in the bill which, I believe, to be objectionable and which should be changed. On the whole, however, S. 2657 made a number of positive changes to our education laws. I applaud the steps taken toward program consolidation in the Vocational Education Amendments. This is fully consistent with my broader effort to achieve consolidation of educational programs. I hope the incentives provided in this bill to increase State participation in the Guaranteed Student Loan program will fulfill their potential, and that the experimental program <sup>which consolidates</sup> ~~combining~~ at the State level, ~~the paperwork,~~ ~~reporting~~ <sup>STUDENT</sup> and the application process of the <sup>FEDERAL</sup> Basic Educational Opportunity Grant program with that of State grant

programs will prove the merit of returning such responsibilities to the State and local level.

Although it is generally the practice of Congress to consider and pass major educational legislation only when the previous authorizing legislation terminates,

I would ask that such not be the case with this legislation.

S. 2657 has serious deficiencies. I intend to forward to the first session of the 95th Congress for their consideration and action major revisions to this bill, especially in the area of higher education, and ask the support of those who participated in the development of S. 2657 to assist in its improvement.

STATEMENT BY THE PRESIDENT

I have approved S. 2657, the Education Amendments of 1976. I have done so with some reluctance because parts of the legislation are unwise and others contain authorization levels which we cannot realistically expect to meet. I have signed the legislation, however, because of the positive elements it contains and because most of its worst elements are readily susceptible to corrective legislation in the next session of Congress.

S. 2657 makes a number of positive changes to our education laws. I applaud the steps taken toward program consolidation in the Vocational Education Amendments. This is fully consistent with my broader effort to achieve consolidation of educational programs. I hope the incentives provided in this bill to increase State participation in the Guaranteed Student Loan program will fulfill their potential, and that the experimental program which consolidates at the State level, the student application process of the Federal Basic Educational Opportunity Grant program with that of similar State grant programs will demonstrate the merit of returning such responsibilities to the State and local level.

Numerous Administration initiatives designed to curb fraud and abuse in student assistance programs, particularly the Guaranteed Student Loan program, were adopted. Other needed Administration recommendations to reduce sex-stereotyping in

vocational education programs were also adopted.

However, I particularly regret the inclusion of the so-called trigger mechanism which operates to divert funds from student assistance to clearly undesirable forms of institutional assistance which the Congress itself has not recently funded in a substantial way.

In raising the maximum Basic Educational Opportunity Grant from \$1400 to \$1800, effective in the 1978-79 school year, the Congress may well have continued its penchant for promising more than we can responsibly provide. I am committed to the basic grant program but I could not responsibly assess, at this time, that in two years we could fully fund this program at the new level.

There are other features in the bill which, I believe, to be objectionable and which should be changed.

Although it is generally the practice of Congress to consider and pass major educational legislation only when the previous authorizing legislation terminates, I would ask that such not be the case with this legislation. S. 2657 has serious deficiencies. I intend to forward to the first session of the 95th Congress for their consideration and action major revisions to this bill, especially in the area of higher education, and ask the support of those who participated in the development of S. 2657 to assist in its improvement.

## MEMORANDUM OF DISAPPROVAL

I am withholding my approval of S. 2657, the Education Amendments of 1976.

In my opinion, this bill is irresponsible in three respects: First, it would authorize appropriations of over \$23 billion over the next three years. This represents an excessive burden upon the American taxpayer. Second, this bill creates 16 new categorical programs for a multiplicity of purposes. Furthermore, these new programs impose unreasonable complexities and administrative burdens not only upon the Department of Health, Education, and Welfare but also upon the Nation's institutions of higher education and upon State and local governments. Third, and most importantly, the Congress has altered the major Federal assistance program for postsecondary students--the basic educational opportunity grant program--in a way that would reduce awards for low income, disadvantaged students. Under current and foreseeable funding levels, lower income students would receive awards which average \$100 less as a direct result of the changes made by the Congress in this bill.

By not signing this bill, I am indicating that the current laws governing our higher education and vocational education programs, as imperfect as those laws may be, are preferable to the changes incorporated in S. 2657.

In summary, let me emphasize that I am dedicated to the appropriate Federal role in support of higher and vocational education. This bill, by altering the Basic Opportunity Grants program at the expense of its intended

recipients, students from poor and working poor families; by authorizing excessive appropriations; by creating new categorical programs; by imposing additional administrative burdens, does not meet the Nation's educational needs.



VETERANS ADMINISTRATION  
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS  
WASHINGTON, D.C. 20420

October 6, 1976



The Honorable  
James T. Lynn  
Director, Office of  
Management and Budget  
Washington, D. C. 20503

Dear Mr. Lynn:

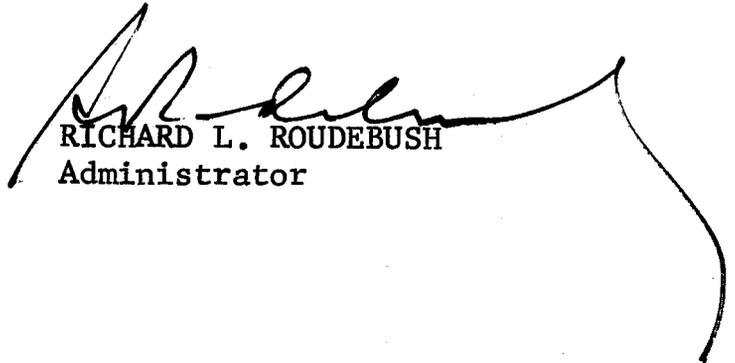
This will respond to the request of the Assistant Director for Legislative Reference for the views of the Veterans Administration on the enrolled enactment of S. 2657, 94th Congress, an Act "To extend the Higher Education Act of 1965, to extend and revise the Vocational Education Act of 1963, and for other purposes."

A review of this omnibus measure shows that the Veterans Administration is involved in only one section and that is Section 126, which deals with the Veterans' Cost-of-Instruction Program administered by the Department of Health, Education, and Welfare. Under the provisions of that section, the Commissioner of Education would be required to seek to assure the coordination of this program with programs carried out by the Veterans Administration under title 38. The Administrator is called upon to provide all assistance, technical consultation, and information necessary to promote the maximum effectiveness of this program. We would point out that the Veterans Administration is currently engaged in liaison activities with the Commissioner of Education concerning this program and would, therefore, have no objection to the enactment of this provision.

The Honorable  
James T. Lynn

Since the changes to be made in the law by  
S. 2657 come within the jurisdiction of the Department  
of Health, Education, and Welfare, we would defer to the  
views of that Department on the enrolled bill.

Sincerely,



RICHARD L. ROUDEBUSH  
Administrator



THE GENERAL COUNSEL OF THE TREASURY  
WASHINGTON, D.C. 20220

OCT 6 1976

Director, Office of Management and Budget  
Executive Office of the President  
Washington, D. C. 20503

Attention: Assistant Director for Legislative  
Reference

Sir:

This report responds to your request for the views of this Department on the enrolled enactment of S. 2657, "To extend the Higher Education Act of 1965, to extend and revise the Vocational Education Act of 1963, and for other purposes."

The Department has no recommendation regarding the enrolled enactment.

Sincerely yours,



General Counsel

Richard R. Albrecht



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Washington, D. C. 20503

OCT 7 1976

Dear Mr. Lynn:

This is in response to your request for a report on S. 2657, an enrolled bill "To extend the Higher Education Act of 1965, to extend and revise the Vocational Education Act of 1963, and for other purposes".

In summary, while the enrolled bill provides authorizations for some programs in excess of that which is appropriate or necessary, and while it establishes arbitrary fund level requirements, the positive aspects of the bill, such as the consolidation of the vocational education program and the provisions designed to reduce fraud and abuse in student assistance programs, outweigh its disadvantages. We therefore recommend that the enrolled bill be approved.

The enrolled bill contains extensive amendments to the Higher Education Act of 1965 and a complete revision and consolidation of the programs authorized under the Vocational Education Act of 1963. In addition, the bill contains a number of amendments affecting the administration of Federal education programs as well as the Department's civil rights responsibilities. A detailed summary of the enrolled bill is enclosed as Tab A. Authorization levels and cost projections for the bill are set forth in Tab B. The following is a discussion of the major features of the bill and an analysis of how those features relate to the Department's objectives for the programs affected.

Title I--Higher Education (other than student assistance).

The bill would extend the authorization of most of the existing higher education programs through fiscal year 1979. A new part would be added to title I to authorize a program of planning, assessing, and coordinating projects related to "lifelong learning" with an authorization of \$20 million in 1977 increasing to \$40 million in 1979. We have not supported the extension of title I, and do not believe that there is any need for a new Federal program in support of lifelong learning projects.

Title II--College Library Assistance--would also be extended and a new program of support for major research libraries would be added. We have not supported the extension of the college library programs, and the increase in the authorization for those programs, as provided in the bill, is unwarranted.

On the other hand, the bill incorporates our recommendations for continuing the program of support for developing institutions under title III of the Act, including our proposal to eliminate the 1.4 percent limitation on the amount of funds that can be used for institutions on or near Indian reservations.

The bill would substantially revise title V of the Act by eliminating all of the existing education professions development programs except the Teacher Corps program. (Part F--Training programs for vocational education personnel--would be extended only through FY 1977, when it would be folded into the consolidated vocational education program.) The Teacher Corps program would be authorized at \$50 million for FY 1977, \$75 million for FY 1978, and \$100 million for FY 1979. A number of programmatic changes consistent with those recommended by the Department would be adopted, including the expansion of the program to include educational personnel other than teachers. Two new teacher training programs would be added to title V to authorize grants to local educational agencies for teacher training centers and to authorize grants for the training of higher education

personnel. While we have not favored the creation of these new programs, the other amendments to title V are certainly desirable, including the discontinuation of the National Advisory Council on Education Professions Development. On balance, the amended title V is a substantial improvement over present law and is one of the favorable aspects of the enrolled bill.

The bill would extend titles VI and VII of the Act--Assistance for the Improvement of Undergraduate Instruction and Construction of Academic Facilities. We had proposed to discontinue these programs. However, the amendments to the title VII loan program, to authorize the granting of temporary moratoriums on the collection of principal and interest from institutions suffering temporary financial hardship and to authorize institutions to satisfy fully their repayment obligations by paying 75 percent of the current obligation by October 1, 1979, seem desirable. The amendment to expand the purposes of title VII to include reconstruction and renovation projects for energy conservation purposes, to remove architectural barriers, or to achieve compliance with environmental, health, or safety requirements is at least arguably justifiable. While we would have preferred that the program not be extended, if any funds are appropriated for grants under the program, this amendment will enable us to focus on meeting legitimate national interests.

Similarly, the extension of the authorization for graduate programs under title IX is not consistent with the Department's earlier recommendations. Although we are unlikely to propose funding for most of these programs, the Department is currently examining whether there is a need for Federal support for graduate programs for the disadvantaged.

Although we had recommended that title X be repealed in its entirety, the bill would repeal only part B of that title--Occupational Education Programs--and would continue the existing authorization for part A--Establishment and Expansion of Community Colleges. That program would be modified, however, to give priority to programs suited for those persons whose educational needs had been inadequately served, such as the handicapped and older persons.

One of the major objections we have to the bill is the funding requirement provision that has been added to title XII of the Act. Under this provision for fiscal year 1978 when the combined appropriations for the student assistance programs (Basic and Supplementary Grants, College Work-Study and Direct Student Loans) exceed the amount available for those programs in fiscal year 1977 or \$2.8 billion, whichever is greater, funds must be appropriated for community services and continuing education programs under title I, construction loans under title VII and community education programs under title X in the amount of 50 percent of the amount by which the appropriation for the student assistance programs exceeds the trigger level. The same requirement would exist for fiscal year 1979, except that the trigger level would be raised to the greater of the fiscal year 1978 amount available for student assistance or \$3.1 billion. This provision will substantially reduce the flexibility of both the President and the Appropriations Committees in determining the appropriate amounts to be assigned for various programs when the higher education budget is being developed for those years. We believe each program should be budgeted and appropriated on its own merits without regard to such arbitrary ratios. We strongly object to provisions of this type which attempt to hamstring the budget and appropriations process through authorizing legislation. If the enrolled bill is enacted, we believe the Administration should announce its intention to seek the repeal or modification of this provision.

Student Assistance. The enrolled bill would continue with certain modifications the programs of student assistance authorized under title IV of the Act which have been the foundation of the Administration's strategy for assisting higher education.

Basic Grants. The program would be extended through fiscal year 1979, with the amount of the maximum grant being raised from \$1400 to \$1800 effective in fiscal year 1978. This provision is of major concern to us, because it may require the Administration to withdraw from its commitment to

seek full funding for the Basic Grant Program. Our initial estimate of the additional cost of this provision at full funding for fiscal year 1978 is approximately \$700 million over the cost of full funding at the \$1400 level. While this provision may provide some relief to middle income families who are currently being hard pressed by the rapid increase in the cost of higher education, at the anticipated level of funding for this program, that would be accomplished only at the expense of more needy low-income individuals who are the principal target of the Basic Grant Program. Nor, in most cases, would there be any recognition of the difference in the financial burdens faced by middle income families who send their children to private rather than public institutions.

This increase, along with the new funding requirement provision discussed above, will require us to completely reevaluate our budget strategy for higher education for fiscal year 1978 and beyond. The other amendments to the Basic Grant Program, including the changes in the timing for development of the Family Contributions Schedule and the carryover authority, are for the most part desirable and will help us in our attempts to improve the administration of the program.

State Student Incentive Grants. The principal amendment to the SSIG program is a provision requiring that when appropriations for the program exceed \$75 million, one-third of any excess over that amount must be allotted to States which have established guarantee agencies under the Guaranteed Student Loan Program. This provision should serve as an incentive for States to establish such agencies.

Campus-Based Programs. The bill would extend the two campus-based programs--Supplemental Educational Opportunity Grants and the National Direct Student Loan Program--which the Administration had recommended be discontinued. The bill would also substantially increase authorizations for the College Work-Study Program. The other amendments to the College Work-Study Program are generally desirable, especially the provision authorizing institutions to use up to 10 percent of their allotments for job location and development efforts.

General Provisions Relating to Student Assistance. Two provisions have been added to title IV of the Higher Education Act which are consistent with the Administration's proposals to protect students against unscrupulous practices of some institutions and to require institutions to develop sound fiscal and management practices in conjunction with their administration of Federal student assistance programs. The first provision (section 493A) would require institutions receiving administrative payments for Federal student assistance programs to adopt information dissemination practices designed to inform students of financial assistance available, the cost of attending an institution and the program to be offered, and the refund policy of the institution. The second provision would authorize the Commissioner to promulgate regulations for the suspension, termination or limitation of the eligibility of institutions which have failed to implement sound fiscal and management practices, have engaged in substantial misrepresentation of the nature of their educational program or have violated or failed to carry out any provision of title IV or a regulation issued thereunder. These provisions should enable the Department to continue and improve upon its efforts to reduce fraud and abuse in conjunction with Federal student assistance programs.

Guaranteed Student Loan Programs. The Guaranteed Student Loan Program would be substantially revised under the enrolled bill. The principal changes to the program would be (1) the addition of provisions designed to increase the number of State and nonprofit private student loan insurance programs, (2) amendments designed to further our efforts to reduce fraud and abuse in the program, and (3) modifications relating to the payment of interest subsidies.

The provisions designed to increase the number of States having State or nonprofit private student loan insurance programs, while tenuous, would be a move in the right direction. The amendments designed to accomplish this goal are (1) providing reinsurance at the rate of 100 percent for new State agency or nonprofit private insurance programs,

(2) providing 100 percent reinsurance for any State agency which agrees to conform its eligibility requirements to those of the Federal program, (3) providing additional authorization for advances to new State and private nonprofit student loan insurance agencies, and (4) authorizing State guarantee agencies to retain up to 30 percent of their collections on reinsured defaulted loans to cover administrative costs. All these amendments hold out promise of increasing the number of States which have student loan insurance programs, and thereby decreasing reliance on the Federally insured loan program. The provision establishing variable reinsurance rates for State agency programs, also seems desirable. However, we are unable to determine how effective these provisions are likely to be in increasing the degree of State participation.

The amendments designed to reduce the default rate in the Guaranteed Student Loan Program are consistent with the proposals of the Administration. These provisions include: (1) incentives for multiple disbursements, (2) measures designed to ensure that lenders and schools are notified of student enrollment status and latest known address, (3) provisions to allow a modification of the repayment schedule to meet individual needs, (4) requiring endorsement by the student of checks issued to disburse loans, (5) establishing limits on the amount that may be borrowed by first-year students, (6) limitations on the eligibility of schools as lenders under the program, and (7) prohibiting the use of commissioned salesmen to promote the availability of a school's loan program. While these provisions are not a panacea for the problems currently plaguing the Guaranteed Student Loan Program, they should be useful in our attempts to control the abuse of the program and the resulting high default rate.

The increase to \$25,000 of the family income limitation for eligibility for the interest subsidy under the Guaranteed Student Loan Program will result in substantially increased cost for the program. We estimate that the first year (FY 1977) costs of this provision will be approximately \$40 million. On the other hand, this provision will provide some further relief to middle-income families and will somewhat offset the effects on such families of rapidly increasing higher education costs.

We also note that the bill would increase the aggregate loan limitation for graduate students from \$10,000 to \$15,000. This is consistent with proposals of this Department to raise the limitation in recognition of high costs of many graduate programs, especially in the medical professions.

Title II--Vocational Education.

Under the bill the existing vocational education program would be extended through fiscal year 1977. Effective in fiscal year 1978 and thereafter, the program would be completely revised to provide for a substantial consolidation of the existing programs. Under that consolidation, three State programs and three Federally administered programs, each separately authorized, would replace the existing ten State and Federal programs which are separately authorized under the Vocational Education Act. The bulk of the State program would be authorized through basic grants to States to assist them in conducting vocational education programs. This provision would provide States with substantial flexibility in designing their basic vocational education program to meet needs as determined by each State.

From the basic allotment to a State, 20 percent thereof would be required to be used for program improvement and support services in the State. This set aside of the States' basic allotment would be available for research, exemplary and innovative programs, curriculum development, vocational guidance and counseling and vocational education personnel training. A separate authorization of appropriations for grants to the States for special programs for the disadvantaged and for consumer and homemaking education would also be provided.

Under the State program, a State would be required to use at least 10 percent of its allotment for vocational education for handicapped persons, 20 percent for vocational education for the disadvantaged, and 15 percent for postsecondary vocational education programs. These requirements are similar to the set-asides in current law; but rather than requiring the establishment of separate programs for persons in those categories, the new provision merely requires those percentages of the basic grant be used to meet the needs of those populations.

Three National programs would be established to be administered by the Commissioner. The first of these would be operated out of five percent of the amount appropriated for allotments to the States. From this amount, the Commissioner would be required to establish a National Occupational Coordinating Committee. The remainder of those funds would be available for discretionary grants and contracts in support of projects of National significance including research and development, dissemination, clearing-house activities, and training programs.

Two separate authorizations would also be provided for programs of national significance. A program of grants for bilingual vocational training would be established as well as a program of emergency assistance for remodeling and renovation of vocational education facilities.

While the vocational education program outlined above does not represent the full degree of simplification and consolidation which had been proposed by the Administration, it does represent a reasonable compromise and provides substantial improvement over the existing patchwork program. Not only will States have substantially increased flexibility in their development and administration of vocational education programs, but provisions are included to ensure that appropriate vocational education opportunities are made available to the handicapped and the disadvantaged. In addition, a number of provisions have been added to the Act which are designed to increase the States' sensitivity to the issue of sex-bias and sex-stereotyping in vocational education.

There are a number of problems in the new program. The principal of these are the new provisions relating to governance of State vocational education programs. While we agree that it is important to require a comprehensive State planning process, the detailed provisions in the enrolled bill relating to State administration, particularly those requiring the establishment of what amounts to a vocational education coordinating council with authority for any of ten named organizations to appeal the State board's decision on the State plan to the Commissioner for resolution, seem particularly unwise.

Title III--Extensions and Revisions of Other Education Programs

Under part A of this title, both the International Education Act of 1966 and title VI of the National Defense Education Act--foreign studies and language development--would be extended, but only through fiscal year 1977. A new grant program to promote cultural understanding would be added to title VI. While we had not favored the extension of the International Education Act or the addition of the new program to title VI, the fact that these programs would be extended only through FY 1977 will enable us to reevaluate the needs in the area of international education during the next year.

Emergency School Aid Act. The bill would extend the Emergency School Aid Act through fiscal year 1979 at the existing authorization level for basic grants. An additional authorization of \$50 million for FY 1977 and \$100 million for FY 1978 would be provided for the purpose of carrying out special projects under section 708(a). Also, a new authorization of \$25 million for FY 1977 and \$50 million for FY 1978 would be provided for the purpose of supporting projects related to the establishment of magnet schools, the pairing of schools, and the development of plans for neutral school sites.

While the additional authorization for special projects under section 708(a) may be in excess of what is needed for those projects in the foreseeable future, we agree that some additional authorization is needed for grants to school districts that are experiencing extraordinary difficulties in the desegregation of their schools. We had requested this type of authority under the Administration's proposed Desegregation Assistance Act. We would estimate at this time that the additional need in this area is in the neighborhood from \$10 to \$20 million per year. On the other hand, we see no need for the additional authorization for magnet schools and similar projects. We believe that any need for these types of projects could be met through special grants under section 708(a). On balance, however, we believe the amendments to the Emergency School Aid Act that would be made by the enrolled bill are desirable.

Maintenance of Effort. The bill would establish a number of provisions relating to the determination of maintenance of effort for titles I, III, and IV of the Elementary and Secondary Education Act (ESEA), the Emergency School Aid Act, and the Adult Education Act. Essentially, the amendments would permit maintenance of effort determinations for those programs to be made on either a per pupil or aggregate expenditure basis. The amendments would also permit reductions in effort of up to five percent in title IV of ESEA and the Adult Education Act, and would permit the Commissioner to waive the maintenance of effort requirements for those programs and for title I of ESEA if he determines in accordance with "objective criteria" (which he must establish) that exceptional or very exceptional circumstances exist.

Our proposal for consolidation of elementary and secondary education programs would have eliminated all maintenance of effort provisions. The provisions in the enrolled bill fall far short of that. While the bill would enable the Commissioner to make exceptions where State or local educational agencies are unable to maintain effort, it provides little, if any, guidance as to how this authority should be administered. We question how useful this authority would actually be; but at least it would provide some flexibility for dealing with unusual cases.

Impact Aid. The bill contains two amendments to the Impact Aid Program. The first relates to the provision in section 5(d)(2) of P.L. 81-874 concerning the circumstances under which payments under that Act may be taken into consideration in determining the amount of State aid for a local educational agency in a State which has adopted a program of State aid designed to equalize expenditures for education among local educational agencies in the State. Under the provision no adverse actions could be taken against a school district in any such State until July 1, 1977. The second provision would provide that a school district entitled to payments under section 2 of the Act (authorizing payments on account of the presence within a school district of substantial amounts of Federal land) would be paid 100 percent of their entitlements. Both of these provisions are acceptable.

New Programs. The bill would establish a new program of career education and career development and a new program to support guidance and counseling activities. We see no need for these new programs since ample authority already exists in the Special Projects Act and the Elementary and Secondary Education Act for support of these activities.

Title IV--General Education Provisions.

National Institute of Education. The bill would extend the authorization for the National Institute of Education through fiscal year 1979 at the level of \$100 million for FY 1977 and \$200 million each for fiscal years 1978 and 1979. The bill would revise the priorities for research and development efforts of NIE along the lines proposed by the Administration, including emphasis on basic educational skills, school finance and management, equity, career education, and improved dissemination. Unlike our proposal, however, the Director of NIE would be required to make grants to educational laboratories and centers. A Panel for the Review of Laboratory and Center Operations would be created. A new Federal Council on Educational Research and Development would be established, consisting of administrators and representatives of certain Federal agencies and departments, to advise the Director of NIE on major educational problems and to promote coordination between NIE and related programs and activities of other Federal agencies. While these amendments to the NIE authorizing statute are of questionable value and necessity, the NIE amendments as a whole are sufficiently similar to the Administration's proposal to warrant our support.

Schedule for Promulgation of Regulations. The bill would amend section 431(g) of the General Education Provisions Act--requiring a schedule to be developed for the publication of regulations within 240 days of the enactment of a statute affecting education programs--to apply that schedule to the issuance of final regulations rather than the issuance of a Notice of Proposed Rulemaking, which is how we are currently interpreting this provision. We doubt seriously whether the Department will be able to comply with this provision, given the need for involvement of the public and interested

agencies and organizations in the development of complex regulations for education programs. This is a serious defect in the bill, and should it be enacted, we would recommend a modification of this provision to the Congress.

Civil Rights. The bill would provide limitations on the Secretary's authority to defer or terminate financial assistance to a local educational agency for civil rights violations unless certain due process requirements are met. These requirements relate principally to the timing of a notice of such violations and the conduct of hearings. This provision would not require a substantial departure from our current practice and may be useful in our attempts to expedite the hearing process. The amendment prohibiting the deferral or limitation of Federal financial assistance for "failure to comply with the imposition of quotas" on student admissions practices would not affect our civil rights efforts, as we do not impose such quotas.

The bill would add three additional exceptions to title IX of the Education Amendments of 1972 relating to the prohibition of discrimination on the basis of sex. Under the bill, the Boys State and Girls State Program would be exempt from coverage from title IX as would be father-son or mother-daughter activities, provided comparable opportunities are made available to both sexes. The bill would also except from title IX any financial assistance awarded to an individual who has received an award in any pageant based on personal appearance, poise, and talent. This provision is designed to except scholarships awarded to the winners of beauty pageants. None of these amendments would affect the current enforcement efforts of the Department under title IX, and we have no objection to them.

#### Title V--Technical and Miscellaneous Provisions

Section 501 of the bill contains the bulk of the technical amendments to Public Law 93-380, the Education Amendments of 1974, which were proposed by this Department early in the 94th Congress. These amendments will be useful in the administration of our education programs. Title V

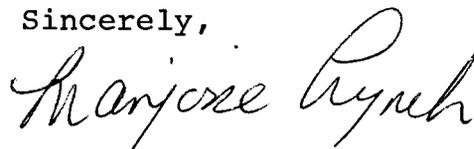
also contains provisions requiring certain studies and reports. These relate to (1) the High School Equivalency and College Assistance Migrant programs, (2) the reorganization of the Education Division of this Department, and (3) sex discrimination and sex stereotyping in vocational educational programs. We welcome the study on the reorganization of the Education Division, and find the other provisions unobjectionable.

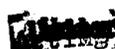
### Conclusion

The foregoing seem to us to be the most important considerations, both positive and negative, to be weighed in judging the overall merit of the bill. We must be candid, however, in assessing the budgetary impact of the bill. The increase in the maximum basic grant award to \$1800 and the increase in the family income limitation for interest subsidies under the Guaranteed Student Loan Program will make it much more difficult to arrive at a budget for the Education Division within currently expected levels. While we are still in the process of reevaluating our budget request for FY 1978, it seems likely that to fund basic grants even at the \$1400 level in that year and to meet other required increases, an adjustment of approximately \$500-\$600 million would be required in the Department's request for the Education Division, to be made up of reductions in other education programs and/or an overall increase in the Department's request for education.

In spite of these budgetary issues, we believe the positive aspects of the bill are sufficient to justify its enactment. We are unlikely to achieve a greater degree of vocational education consolidation in the near future, and many of the Administration's proposals which are incorporated into this bill may fall by the wayside if the next Congress must again take up the extension of these programs. For those reasons, we recommend that the enrolled bill be approved.

Sincerely,



 Secretary

Enclosures



Summary of S. 2657  
The Education Amendments of 1976

Title I--Higher Education

Part A--Community Service, Continuing Education,  
and Lifelong Learning

Extends title I, HEA, through FY 1979, at authorization levels of \$40 million per year. A new part is created for Lifelong Learning programs with an authorization level of \$20 million for FY 1977, \$30 million for FY 1978, and \$40 million for FY 1979.

New definitions of continuing education and resource materials sharing programs are provided; such programs may be included in State plans; consortia are made eligible to receive funds under the programs; 10% of funds in excess of \$14.5 million is reserved for technical assistance purposes; and the amount which may be set aside for developing and administering the State plan is increased to \$40,000 or 5%, whichever is greater.

Under the Lifelong Learning part, the Assistant Secretary for Education is authorized to (1) carry out a program of planning, assessing, and coordinating projects related to lifelong learning; (2) consult with appropriate State agencies and assist in the planning and assessment of State programs; (3) assess, evaluate the need for, demonstrate, and develop alternative methods to improve the state of the art in lifelong learning; (4) enter into agreements with, and make grants to, appropriate State agencies, higher education institutions, and public and private nonprofit organizations; and (5) report on the research and analysis connected with this part, together with legislative recommendations to the Congress.

In the judicial review section of the title, the bill replaces existing provisions of law and requires a trial de novo in a district court of the Commissioner's actions in disapproving a State plan or suspending a State's eligibility.

Part B--College Library Assistance and Library Training and Research

Extends existing title II, HEA, through FY 1979, at authorization levels of \$100 million per year. A new part C is created providing assistance to up to 150 major research libraries at an authorization level of \$10 million for FY 1977, \$15 million for FY 1978, and \$20 million for FY 1979.

Part C--Strengthening Developing Institutions

Extends the existing title III, HEA, through FY 1979, at the existing authorization levels of \$120 million per year. Repeals the present restriction that no more than 1.4% of funds may be used by institutions located on or near Indian reservations which receive an authorized waiver from the Commissioner.

Part D--Student Assistance

Basic Educational Opportunity Grants--Extends the program under subpart 1, part A of title IV, HEA, through FY 1979. The maximum grant amount remains at \$1,400 for FY 1977 but increases to \$1,800 for FY 1978 and FY 1979.

The timing for publication of the Family Contribution Schedule is changed so that the Schedule must be published by July 1 of the preceding year, and the resolution of congressional disapproval must be adopted before October 1. In case of disapproval, the Commissioner in republishing, must report on how he dealt with the recommendations on which disapproval was based.

Educational expenses of other dependent children in the family shall be considered in determining expected family contribution. In addition, in determining the family contribution, all of social security educational benefits paid to or on account of a student, and one-half of Veterans Administration education benefits shall be considered as effective family income.

Adds a new section authorizing the carryover of unexpended funds into the next succeeding fiscal year, if the amount to be carried over is less than 15% of the appropriation.

Extends the existing provision in section 411(b)(4) requiring that appropriations for Supplemental Educational Opportunity Grants, College Work-Study, and National Direct Student Loans reach certain levels before Basic Grant payments may be made.

Repeals section 411(b)(3)(C), HEA, relating to reduced awards.

Creates a new section authorizing payments to institutions of \$10 per academic year for each grantee for administrative expenses. (Note: A separate line item appropriation is required for this payment and the \$10 payment for each Guaranteed Student Loan recipient.)

A pilot program of State processing of Basic Grant applications is authorized, with interstate portability of SSIG funds required, and application processing allowances authorized up to the amount expended per application under the existing processing procedure.

Supplemental Educational Opportunity Grants--Extends the program under subpart 2, part A of title IV, HEA, through FY 1979 at the existing authorization level of \$200 million per fiscal year.

State Student Incentive Grants--Extends the program under subpart 3, part A of title IV, HEA, through 1979, at the existing authorization level of \$50 million per fiscal year for initial grants and such sums as may be necessary for continuing grants. Adds a new section providing that, after July 1, 1977, nonprofit higher education institutions cannot be excluded from participating in the program, and a provision allowing for carryover of excess SSIG funds through the next fiscal year.

In addition, the bill provides that when appropriations for SSIG reach \$75 million, 33 1/3 percent of such appropriation in excess of \$75 million will be allotted to States having guarantee agencies under the Guaranteed Student Loan program. The basis for allotment of that amount is the State's share of the total enrollment in institutions in States having guarantee agencies. The remaining 66 2/3 percent of appropriations above \$75 million shall be allotted to States using the normal SSIG schedule.

Special Programs for Students from Disadvantaged Backgrounds--Extends the programs under subpart 4, part A of title IV, HEA, through FY 1979, at authorization levels of \$200 million per fiscal year. Persons disadvantaged because of severe rural isolation are included among the types of persons served under the program: The purpose of the Talent Search program is changed to provide an emphasis on identifying youths who have delayed postsecondary educational training and encouraging them to undertake such training.

A new program is authorized (90% Federal share) to establish, operate, or expand service learning centers at postsecondary institutions. No funds are to be expended for the new program unless appropriations for the TRIO programs reach \$70.331 million.

A new program is authorized as subpart 5 of part A (66 2/3 percent Federal share) for Educational Information Centers with an additional authorization of \$20 million for FY 1977, \$30 million for FY 1978, and \$40 million for FY 1979. Funds for the new program shall be allocated to the States (which must submit a State plan for approval) based upon the adult population of a State, except that no State shall receive less than \$50 thousand per year.

Veterans Cost-of-Instruction Payments--Extends and expands the purposes of the program under section 420 of part A of title IV, HEA. A greater coordination effort with the Veterans Administration is mandated; a summary report of activities is required of the Commissioner within 90 days of enactment; institutions currently participating in the program are precluded from losing eligibility solely because

eligibility for certain veterans expired on May 31, 1976; and an identifiable administrative unit must be created within OE to administer the program.

Federal, State and Private Programs of Low-Interest Insured Loans to Students in Institutions of Higher Education--  
Extends the programs through FY 1980.

Amends sections 427 and 428 of title IV, HEA, to provide for a new one year deferment of repayment for unemployed borrowers under the FISL, State student loan, and agency programs.

Amends section 428 of part B of title IV, HEA, to authorize a \$10 payment to eligible institutions for each student borrower. (Note: A separate line item appropriation is required for this payment and the \$10 payment per Basic Grant recipient.)

A new "such sums" authorization is added to make advances to the reserve funds of State and nonprofit private student loan insurance funds. The Commissioner is required to develop and implement a plan to encourage States to establish guarantee agencies, and report to the Congress on such plan within 180 days after enactment. (Sections 421 and 422)

Loan limitations are changed as follows: (1) undergraduate students borrowing from a State or educational institution may not borrow more than \$2,500 or one-half the estimated cost of attendance, whichever is less (This provision applies for all years of attendance for students in proprietary schools and for the first year of attendance for students in other types of schools.); (2) first year students may borrow more than \$1,500 per year only if the loan is multiply disbursed; (3) graduate or professional

students may borrow up to \$5,000 per year; and (4) aggregate limit for graduate or professional students is increased to \$15,000, including undergraduate loans. (Sections 425(a) and 428(b))

The insurance rate for State, State agency or nonprofit private agencies would decline to 90% if default rate exceeds 5% and would decline to 80% if the default rate exceeds 9%. (Section 425(b))

Additional eligibility criteria and loan terms are established for student borrowers, including: (1) requirement that student agrees to notify promptly the holder of the note of any change of address; (2) provision that student may begin repayment earlier than nine months after leaving school and may repay in less than five years; (3) provision that such loans may not be considered in default until lender has offered, and borrower has refused, alternative repayment period from five to ten years; (4) provision that grace period will continue while student is pursuing a course of study under a graduate fellowship program; (5) allows a one-time, one-year deferment of payment while student is seeking and unable to find employment; (6) requires borrower to contact holder of note to negotiate repayment terms within four months after ceasing to attend institution on at least a half-time basis; (7) requirement that loan be disbursed by check with endorsement required; (8) provision that borrower and lender may agree to payments of less than \$360 annually; and (9) provision that married student borrowers may combine repayment to not less than \$360 annually. (Section 427)

Amendments affecting the payment of interest subsidies include: (1) raising the income limitation from \$15,000 to \$25,000 effective October 1, 1976; (2) eliminating the current \$2,000 annual limit on amount of a loan qualifying for the interest subsidy without specific institutional determination of need; (3) allowing the interest subsidy eligibility of students studying abroad to be determined by OE or guarantee agencies; and (4) requiring the institution to notify the lender or insurer of borrower's enrollment status and latest known address. (Section 428(a) and (b))

Administrative allowances are authorized for any State or nonprofit agency with a reinsurance agreement in the amount of not to exceed one-half of one percent of the principal of loans made during the fiscal year. Payments are to be used for these four purposes: (a) promotion of commercial lender participation; (b) collection costs; (c) preclaims assistance and default prevention; (d) administrative costs of an agency. (Section 428(f)(1)) Any such agency which has a supplemental agreement under section 428A may also receive an additional amount not to exceed one-half of one percent for those purposes. In addition, provisions are included which allow guarantee agencies to keep up to 30% of defaults collected.

Guarantee agencies may enter into a supplemental agreement with the Commissioner which would provide 100% reinsurance to agencies which (1) authorize \$2,500 yearly individual loan limits, and \$7,500 and \$10,000 aggregate limits for undergraduate and graduate students respectively; (2) insure all insurable loans at 100%; (3) provide for the insurance of loans to part-time students; (4) insure its own residents going to out-of-State schools (but not out-of-State residents coming into the State); (5) provide no restrictions on eligible residential institutions which are more onerous than the requirements of the Federal student loan insurance program (unless an institution is ineligible for participation under regulations providing for limitation, suspension or termination or is not eligible because of a State constitutional provision) and (6) provide for the eligibility of school lenders. (Section 428A)

If the default rate for any State or private nonprofit guarantee agency which has such a supplemental guaranty agreement exceeds 5% in any year, the reinsurance rate declines to 90% for the excess over 5%. If the default rate for any State or private nonprofit agency exceeds 9%, the reinsurance rate declines to 80% for the excess over 9%. Reinsurance is provided for accrued interest as well as principal. (Section 428(c)(1)(B))

New agencies reinsurance rates remain at 100% for the first five years of operation, with the Commissioner authorized to revoke such provision if abused. (Section 428(c)(7))

The Commissioner is required to act within 180 days on all applications by nonprofit private institutions to establish guarantee agencies in States where no State guarantee agency exists and to notify the Congressional Education committees of his action. (Section 428(g)) In addition, the Commissioner is required to pay interest on late payment of claims. He is authorized to contract with private business concerns, State student loan insurance agencies, and State guarantee agencies for the collection of loans. (Section 430(b)) An annual report is required of the Commissioner on loan volume and default data distinguished between types of loans. (Section 432(c))

Under the section relating to institutional lenders provisions are added which (1) prohibit a school lender from loaning to more than 50% of its undergraduates (with Commissioner given waiver authority in exceptional circumstances); (2) prohibit a school lender from making a loan unless the student has sought and been refused a loan from a commercial lender; (3) provides that an institution shall be deemed to have originated a loan if lender delegates a substantial portion of functions and responsibilities normally performed by a lender. (Section 433)

New definitions (1) exclude from eligibility those schools which employ or use commissioned salesmen to promote the availability of the school's loan program; (2) include as eligible those schools which normally admit as regular students persons beyond the age of compulsory school attendance; (3) exclude lenders whose primary function is the making or holding of guaranteed loans; (4) require eligible school lenders to employ at least one full-time financial aid administrator (effective 12/31/77); (5) exclude home-study schools as lenders; (6) exclude as eligible lenders schools which have a default rate of 15% or more for two consecutive years; (7) define due diligence. (Section 435)

A commission is established to propose alternative methods for determination of the special allowance, which shall report to the Congress on its findings by October 1, 1977. In the intervening period, the special allowance shall be determined by subtracting 3 1/2 percent from the market rate of the 91-day Treasury bills with a resulting special allowance rate of up to 3% during FY 1977, and up to 5% during FY 1978. (Section 438)

A technical amendment to the Student Loan Marketing Association charter allows the Association to credit warehousing transactions without having the actual notes in hand. (Section 439(d)(3))

Guaranteed Student loans shall not be dischargeable in bankruptcy until five years after the start of the repayment period, except in cases of unusual hardship as determined by the court. The effective date of this provision is September 30, 1977.

Criminal Penalties--A new section 440 would be added to part B of title IV to provide criminal penalties for certain actions in connection with the Guaranteed Student Loan program. Embezzlement, misapplication, theft, or obtaining by fraud of funds, assets or other property provided or insured under this part would be a felony. Misdemeanor penalties would be provided for (1) making false statements or concealing material information in connection with a determination of the eligibility of an institution, (2) making false statements or concealing information in connection with the assignment of an insured loan, and (3) the making of an "unlawful payment" to an eligible lender as an inducement to make or acquire by assignment an insured loan. The destruction of an application for a loan or for loan insurance would be a felony offense.

College Work-Study--Extends the basic program under part C of title IV, HEA, through FY 1982, at the authorization levels of \$450 million for FY 1977, \$570 million for FY 1978, \$600 million for FY 1979, \$630 million for FY 1980, \$670 million for FY 1981, and \$720 million for FY 1982. The Work-Study for Community Service Learning Programs are repealed. Other provisions (1) authorize grants to consortia; (2) broaden the purposes for which funds granted an institution may be used to include use of these funds for a new Job Location and Development Program; (3) permit work opportunities with Federal, State, or local public agencies; (4) state that CWS recipients may not be excluded from on-campus, nonsubsidized employment because their earnings from CWS employment and other employment exceed their total need; (5) require participating institutions to assure that equivalent employment will be made reasonably available to all students; (6) require a study of institutional practices regarding the use of Work-Study students as financial aid counselors, with a report to be submitted to the Congress by October 1, 1977.

The new Job Location and Development Program authorizes an institution, under an agreement with the Commissioner, to use \$15,000, or 10% of its allotment, whichever is less, to establish or expand a program to locate or develop jobs for its students which are suitable to the scheduling and other needs of the students. The institution's program could be carried on separately, in combination with other institutions, or through a contract with a nonprofit organization. To qualify, the agreement with the Commissioner must (1) provide that the Federal share of the cost will be more than than 80 per centum, (2) provide assurance that the funds will not be used to locate or develop jobs at an eligible institution, (3) provide assurance that the institution will not reduce its own expenditures for this purpose below its level of the three years preceding the agreement, (4) provide assurance that the funds will not be used to locate or develop jobs for students after their graduation, (5) provide assurance against displacement of employed workers or impairment of existing contracts for services, (6) provide assurance that the Federal funds used can help generate student wages exceeding the amount

of such funds and if used to contract with another organization, appropriate performance standards are part of such contract, and (7) provide for an annual evaluation report by the Commissioner. (New section 447)

Cooperative Education--Part D, title IV, HEA, is repealed and reauthorized as a new title VIII, HEA. Authorizations levels are \$15 million for FY 1977, \$20 million for FY 1978, and \$25 million for each succeeding fiscal year through FY 1982.

The requirement for full time work or study is removed from the law. The authority for grants and contracts for training, demonstration, and research is extended at levels of \$1 million for FY 1976, \$1 million for FY 1977, \$2 million for FY 1978, and \$3 million for each succeeding fiscal year through FY 1982. The maximum grant per institution is raised from \$75 thousand to \$175 thousand and the maximum grant to combinations of institutions may not exceed \$125 thousand times the number of institutions in the combination. The record-keeping and reporting requirements are changed from that which "the Commissioner may reasonably require" to "such records as are essential". Institutions may participate in the program for no more than five years (with a prohibition against a waiver), and percentage limitations on a declining scale are placed on the amounts which may be used for administrative costs. A new requirement directs the Commissioner to give priority to programs which show the greatest promise of success because of the extent to which programs in the academic discipline with respect to which the application is made have had a favorable reception from employers or because of the demonstrated commitment of the institutions to the program.

National Direct Student Loan Program--Extends the program through FY 1979 at the existing authorization level of \$400 million. A new reporting requirement is added to require that the institution submit, at least semi-annually, a report on the number of loans in default for 120 days (for those loans repayable on a monthly basis) or 180 days (for those loans repayable in less frequent installments). Other provisions (1) allow institutions to suspend the

eligibility of students not in good standing without notifying the Commissioner; (2) allow loan repayment to begin earlier than 9 months after the student leaves school, if requested by the borrower and agreed to by the school; (3) allow students to repay loans at less than \$30 per month if necessary to avoid hardship (this procedure may be used for periods of up to one year, but may not extend the 10 year repayment period); and (4) allow for cancellation (retroactively to the enactment date of the Education Amendments of 1972) of liability to repay loans upon the death or permanent and total disability of the borrower.

General Provisions--The following amendments were made to the General Provisions relating to student assistance under part F of title IV:

(1) The amount an institution may receive as reimbursement for its costs of administering the Work-Study and SEOG programs would be increased to 4% of its allotments under those programs, and the maximum allowable payment for administration under those programs and the National Direct Student Loan Program would be raised to \$325 thousand.

(2) A new section 493A would be added effective July 1, 1977 under which any institution receiving administrative payments under section 493 or under the Basic Grant or Guaranteed Student Loan programs would be required to carry out information dissemination activities to prospective or enrolled students. This information would have to include the student financial assistance programs available, methods of distribution of such assistance, means by which application can be made for such assistance, rights and responsibilities of students receiving financial assistance under this title, costs of attending the institution, the refund policy of the institution, information concerning the academic program of the institution, and the name of the person designated as financial aid officer. Such institutions would also have to designate an employee or group of employees to be available on a full-time basis to assist students to obtain the information specified above. This requirement would be waivable in the case of small institutions.

(3) A new section 493C would be added establishing a program of grants to the States to design and develop programs to increase the proficiency of institutional and State financial aid administrators. The authorization for this program would be \$280 thousand for each year through 1978.

(4) Section 497 would be modified to require students, in order to continue their eligibility for student assistance, to be maintaining satisfactory progress in their course of study. Students who owe a refund on a grant previously received at their institution or who are in default on a loan from a student loan fund or guaranteed under the Guaranteed Student Loan Program would also be ineligible for student assistance.

(5) A new section 497A would be added establishing fiscal eligibility requirements for institutions. The Commissioner would be authorized to prescribe such regulations as may be necessary to provide for the audit of eligible institutions, the establishment of reasonable standards of fiscal responsibility and institutional capability for the administration of programs under this title, and procedures to ensure that institutions make available the latest known address and enrollment status of any student to lenders from whom they have received a guaranteed student loan. Those regulations may also provide for the limitation, suspension, or termination of eligibility for any program under title IV of any otherwise eligible institution when the Commissioner determines after notice and opportunity for hearing that such institution has violated or failed to carry out any provision of this title or regulation issued thereunder. The Commissioner would also be authorized to suspend or terminate the eligibility status of institutions which he determines have engaged in substantial misrepresentation of the nature of its education program, its financial charges, or the employability of its graduates. Until the regulations implementing this section are in effect, any regulations currently in effect to carry out section 438 of the Act (relating to suspension, termination, limitation under the Guaranteed Student Loan Program) would remain in effect.

## Part E--Education Professions Development

Rewrites the existing title V, HEA, changing the title to "Teacher Corps and Teacher Training Programs", repealing all the existing parts except the Teacher Corps and part F, Training and Development Programs for Vocational Educational Personnel. Part F is extended through FY 1977, at an authorization level of \$25 million. The Teacher Corps is extended through FY 1979, at authorization levels of \$50 million for FY 1977, \$75 million for FY 1978, and \$100 million for FY 1979.

The Teacher Corps program is amended in the following manner: (1) broadens the purpose of the Teacher Corps to reach "other educational personnel"; (2) extends the time the Commissioner may contract for a Teacher Corps program from two years to five; (3) includes on teacher teams teachers, teacher-interns and other educational personnel, and permits local educational agencies to afford released time for training programs; (4) authorizes technical assistance to State educational agencies and expands the authority to include planning, monitoring, documenting, disseminating and evaluation services"; (5) requires the election of a council to assist each Teacher Corps project in planning, carrying out, and evaluation with the Commissioner paying administrative expenses of each council; (6) establishes a goal in Teacher Corps of five currently employed teachers to one person who is not so employed; (7) authorizes the Commissioner to compensate local education agencies for any personnel participating in Teacher Corps under released time; and (8) requires the National Center for Education Statistics, to conduct surveys identifying current and projected needs for qualified education personnel.

A new program of grants to local educational agencies is created to assist in planning, establishing, and operating teacher centers to develop and produce curricula and provide in-service training. Teacher centers may contract with institutions of higher education. The Commissioner may grant 10% of the funds to institutions of higher education to operate teacher centers.

A new program of training for higher education personnel, is authorized, providing grants to institutions of higher education for the training of (1) individuals preparing to serve as faculty or staff in higher education if such individuals are either (A) from cultural or educational backgrounds which have hindered them in achieving success in education, or (B) preparing to serve in educational programs serving students from such backgrounds; or (2) individuals already serving as faculty or staff if they are to be trained to meet changing personnel needs.

Part F--Financial Assistance for the Improvement of Undergraduate Instruction

Extends the existing title VI, HEA, through FY 1979 and the existing authorization levels of \$60 million for each year for laboratory and special equipment (section 603(2)(A)) and \$10 million for each fiscal year for television equipment and instructional materials (section 603(2)(B)).

Part G--Construction, Renovation, and Modernization of Academic Facilities

Extends the existing title VII, HEA, through FY 1979 at the existing authorization level of \$300 million for each fiscal year for grants for undergraduate facilities under part A, \$80 million for each fiscal year for grants for graduate facilities under part B, and \$200 million for each fiscal year for loans under part C. The heading and purposes of the title are changed to include renovation and modernization with construction. The following additional amendments are made to the program:

(1) Changes the section regarding reservation of funds for community colleges and technical institutes to allow for a share greater than 24% of appropriated funds under part A.

(2) Provides that the "Commissioner shall not disapprove any State plan submitted under this section unless he determines, after affording adequate opportunity for hearing and comment, that the plan is inconsistent with a specific provision of this section or other relevant sections of this title."

(3) Authorizes use of appropriated or unused funds under title VII for reconstruction and renovation projects if the primary purpose of the project is to economize in the use of energy, to conform to the requirements of the Architectural Barriers Act of 1968, or to enable institutions to meet the costs and requirements of environmental protection, safety, and health programs mandated by Federal, State, or local law.

(4) Authorizes the granting of a temporary moratorium on repayment of loans by institutions in financial difficulty.

(5) Provides the option to institutions to pay back 75% of any outstanding loan amount by October 1, 1979, and thereby have no further payment obligation.

(6) Authorizes the Secretary to make grants to or enter into contracts with institutions of higher education for the construction of facilities for model inter-cultural programs designed to integrate the educational requirements of substantive knowledge and language proficiency. (This provision is specifically directed toward Georgetown University.)

#### Part H--Graduate Programs and Law School Clinical Experience Program

Extends the existing parts A, B, C, and D of title IX, HEA, through FY 1979 at authorization levels of \$50 million per fiscal year, repeals part F and creates a new part E requiring an annual report on fellowships.

The Commissioner is given authority to award all Fellowships on such bases as he may determine, taking into account certain priorities set forth in the Act. Stipends are limited to such amounts as the Commissioner may determine are consistent with prevailing practices under comparable Federally supported programs.

Public Service Fellowships may be awarded only for periods less than thirty six months, except that the Commissioner may waive such limitation adding an additional twelve month period under special circumstances.

The Law School Clinical Assistance Program under title XI, is continued through FY 1979, at the existing authorization level of \$7.5 million.

#### Part I--Establishment and Expansion of Community Colleges

Extends part A of title X, HEA, through FY 1979, at the existing authorization levels of \$15.7 million per fiscal year for the Statewide planning section, and \$150 million per fiscal year for the establishment and expansion section. Part B (Occupational Education Programs) is repealed. The expansion grants program is broadened to authorize grants to existing community colleges to provide programs for persons whose educational needs have been inadequately served. Applications for this type of program must be funded before applications for expansion, to increase enrollment or to establish new sites may be funded.

The definition of community college is amended (1) to include institutions which admit as regular students persons beyond the compulsory school age; (2) to remove the two-year requirement on educational programs; and (3) to remove the requirement that such community colleges must also provide programs of postsecondary vocational, technical, occupational, and specialized education.

## Part J--General Provisions

Definition--The definition of institution of higher education is amended to apply to institutions which admit as regular students persons beyond the compulsory school age and who have the ability to benefit from the training offered.

Antidiscrimination by Higher Education Contractors--The Higher Education Act is amended to prohibit institutions of higher education which receive Federal financial assistance from using that assistance to undertake any study or project or carry out any contract containing an expressed or implied provision that persons of a particular race, religion, sex or national origin be barred from performing such study, project or contract. No institution will be barred from conducting studies on the nature, effects or prevention of discrimination or have its curriculum restricted on the subject of discrimination against any such person.

Funding Trigger--Provides a funding trigger mechanism effective in fiscal years 1978 and 1979. The trigger provides that when the combined appropriations available for FY 1978 for BEOG, SEOG, CWS, and NDSL exceed the FY 1977 available level or \$2.8 billion, whichever is greater, funds must be appropriated for title I, part C of title VII, and title X, in the ratio of one dollar for every two dollars of student aid. In FY 1979, such funding would be required when appropriations for BEOG, SEOG, CWS, and NDSL exceed the FY 1978 available level or \$3.1 billion, whichever is greater. This provision would not be effective in any year in which the amount appropriated for carrying out title I, part C of title VII, and title X equals or exceeds \$215 million. The automatic one-year extender under section 414 of GEPA does not apply to the trigger.

The existing title VIII, HEA, Networks for Knowledge is not extended.

Title II -- Vocational Education

Extension of Existing Programs -- Programs currently authorized by the Vocational Education Act (VEA) and Part F, EPDA, are extended through FY 77 at reduced authorization levels with the exception of the authorization for the residential schools program, which is repealed.

Revision of the VEA -- The existing law is completely rewritten effective in FY 78 through FY 82.

Part A -- State VEA Programs

Subpart 1 -- General Provisions

Statement of Purpose -- The statement of purpose is rewritten to emphasize the purpose of the act to assist in improvement of planning, to extend grants to improve, or where necessary maintain, vocational programs, and to support programs to overcome sex stereotyping. In the conference report, it is made clear that appropriate State and local officials are to define "where necessary".

Sex Bias Personnel -- Each State desiring to participate shall assign fulltime personnel to assist in creating awareness of programs to reduce sex stereotyping, monitoring enforcement of laws prohibiting sex discrimination, and gathering related data. Each State is to reserve \$50,000 from its Subpart 2 (basic grant) allocation for these purposes.

Transfer of Funds -- There is authorized for Subparts 2 and 3 (basic grants; program improvement) \$880 million for FY 78 increasing to \$1,485 billion in FY 82. The Commissioner is authorized to withhold 5% of the amount appropriated for Subparts 2 and 3. From this amount, no less than \$3 million, but no more than \$5 million, would be transferred annually to the National Occupational Information Coordinating Committee. The remainder would be reserved for programs of national significance (Part B, Subpart 2).

Indians -- The Commissioner is also to reserve funds, not to exceed 1% of the appropriation for Subparts 2 and 3, for contracts for vocational education with Indian tribes and organizations and for programs to be operated by the Bureau of Indian Affairs.

Allocation of Funds -- From the remainder of the funds appropriated for Subparts 2 and 3, the Commissioner is to allot funds to the States for basic vocational programs. The formula for this allotment is the same as contained in current law for basic grants. No State is to receive less under this procedure than it received under VEA allotments for FY 76. 80% of such sums are available for subpart 2 and 20% for subpart 3.

Five Year Plan -- To be eligible for VEA funding, a State must submit to the Commissioner during FY 77, and each fifth year thereafter, a

5-year State plan. In formulating the plan, the State board is to actively involve a representative of the State agency for secondary education, the State agency for postsecondary vocational education, the State agency for community and junior colleges, and the State agency for institutions of higher education. The board is also to involve a representative from a local school board, of vocational teachers, of local school administrators, of the State Manpower Services Council, of the State agency for comprehensive postsecondary education planning, and a representative of the State VEA advisory council. This participation is to involve at least four meetings during the planning year between the Board and these designated representatives at designated times. If these representatives are not able to agree on the contents of the State plan, the State Board is responsible for reaching a final decision. In this event, the Board must include in the plan the recommendations rejected by the Board and the reason for each rejection. Any dissatisfied agency may appeal the Board's decision to the Commissioner. The Commissioner is to decide whether the State plan in question is "supported by substantial evidence, as shown in the state plan, and will best carry out the purposes of the Act." The conference report indicates that the Commissioner's review is to include consideration of whether the procedural requirements of the Act have been fulfilled. The report also indicates the Commissioner is to return the entire plan to the State if he disapproves it, rather than unilaterally changing any one part of it. The Commissioner's action is subject to judicial review.

Annual Plan -- To be eligible for funding, the State must also submit a combination annual program plan and accountability report. The procedural requirements for developing the five year plan, from the groups to be consulted through judicial review of the Commissioner's decision on appeals, are also applicable to the one-year plan (although the number of required planning meetings is reduced to three).

Planning Funds and State Administration -- In order to develop the five year and annual plans, there is authorized for this purpose \$25 million annually to be distributed among the States by the basic grant formula. These funds may also be used by the State to evaluate, as required, the effectiveness of each assisted program every five years and for State administration of VEA-supported programs. "Administration" is defined as those activities necessary for the State to properly carry out its performance under the Act, including supervision, but not including ancillary services. The Federal share for State administration is 50%, except for FY 78 (80%) and FY 79 (60%) and except in FY 78 for States that overmatch by greater than 10 to 1 (100%).

General Application -- To be eligible to receive funds, a State must also maintain on file with the Commissioner a general application. This general application includes the assurance that the State will give priority, in distributing funds, to (1) economically depressed areas and areas with high unemployment rates which are unable to meet the vocational needs of these areas without Federal assistance, and to (2) programs which are new to the areas to be served and which meet new and emerging

manpower needs. The State must also use, as the two most important factors in distributing funds to LEAs (1) the relative financial ability to provide needed services and (2) the relative concentration of low-income populations within such agencies. In the case of other eligible recipients, the State must use, as the two most important factors, the recipient's relative financial ability to provide needed services and the relative concentration of students it serves who impose higher than average costs (e.g. handicapped, disadvantaged, bilingual).

State and Local Advisory Councils -- Participating States must establish State Advisory Councils with at least 20 designated interests being represented. There must also be appropriate representation by sex, race, ethnicity and geography on the Councils. Members serve for 3-year staggered terms and a majority of the members must be non-educators. There is authorized, for the operation of the State Advisory Councils, \$8 million in FY 78 increasing to \$10 million in FY 81. The Commissioner is to pay to each State for the council "an amount equal to reasonable amounts expended" but no lower than \$75,000 or higher than \$200,000. The duties of the State Advisory Councils are expanded to include identification of manpower as well as vocational needs, commenting on the reports of the State Manpower Services Council and assistance to local advisory councils. (The State Manpower Services Council is given reciprocal responsibility to comment on vocational education needs.)

Each recipient of VEA funds must establish a local advisory council composed of members of the general public to provide advice on job needs and relevancy of courses to those needs.

National Priority Programs -- From the amount allotted to each State under the formula grant programs, 10% of the allotment is to be used to pay 50% of the cost of vocational programs for the handicapped; 20% to pay 50% of the costs of programs for the disadvantaged ("disadvantaged" is defined as persons who have academic or economic handicaps and who require special services in order to succeed in vocational programs under criteria developed by the Commissioner based on objective standards), for persons with limited English-speaking ability and for stipends for students with acute economic needs which cannot be met under other programs; and 15% to pay 50% of the cost of postsecondary vocational programs. The percentage of the 20% set-aside which goes to persons with limited English-speaking ability is equivalent to the proportion such persons age 15-24 are to the entire population of the State in the same age brackets.

Maintenance of Effort -- No payment is to be made to an LEA if the combined fiscal effort for vocational education from State and local funds, on a per pupil or on an aggregate expenditure basis, for the fiscal year preceding the determination year is less than the comparable amount for the second preceding year. No payment is to be made to postsecondary education institutions until the analogous requirements are met.

Federal and State Evaluations -- The Commissioner is to transmit to each State Board annually an analysis of the State's annual plan. He is to transmit annually to the Congress a report on the status of vocational education in the country. The Bureau of Occupational and Adult Education is to analyze the strengths and weaknesses of programs in at least 10 States per fiscal year. These reports are to be complemented by fiscal audits done in the same States during the same time period. Each State is to evaluate the effectiveness of VEA funded programs. Programs which purport to impart entry level job skills are to be evaluated, by sampling techniques if possible, according to the extent to which program completers find employment in related occupations and are considered well-trained by their employers.

### Subpart 2 -- Basic Grant

From funds earmarked for this purpose, the Commissioner is authorized to make grants to States for vocational education programs, work-study programs, cooperative vocational programs, energy education programs, construction of area vocational education facilities, support of full-time personnel to eliminate sex bias, stipends for students who have acute economic needs which cannot be met by other programs, placement services for students whose needs cannot be met by other programs, industrial arts programs, support services for women who enter programs designed to prepare individuals for programs traditionally limited to men, day care services for children of persons enrolled in vocational programs and construction and operation of residential vocational schools.

"Vocational education" means organized programs to prepare individuals for employment or provide additional preparation for careers which do not require a baccalaureate or advanced degree. Organized programs mean only instruction and acquisition and maintenance of instructional supplies and equipment. It does not include construction or initial equipment of buildings or rental of land. The Federal share for these programs is 50%.

For supported work-study programs, students must be full-time vocational students, in need of earning to continue their enrollment, and be between the ages of 14 and 21. These students are to be employed for no more than a reasonable number of hours a week, not compensated at rates exceeding those rates for comparable Federal programs, and employed only by public or private nonprofit agencies. Any LEA operating such a program is to expend for the employment of its students not less than the average of its annual expenditure for similar work-study programs during the three fiscal years preceding the year in which the program is approved.

For supported cooperative education programs, students can be employed by public or private employers. Students in nonprofit private schools are to participate to the extent their needs can be met by the particular project funded. The Federal share for these private students is 100%.

### Subpart 3 -- Program Improvement and Supportive Services

From funds earmarked for this purpose, the Commissioner is authorized to make grants to States for supportive services for vocational programs: research programs, exemplary and innovative programs, curriculum development programs, guidance and counseling services, pre-service and in-service training, and grants to overcome sex bias.

Research programs supported are to be operated by State research coordinating units or are to be contracts let by those units. No research contracts can be made unless the applicant can demonstrate a reasonable probability that the contract will result in improved teaching techniques or materials that will be used in a substantial number of learning situations within five years after completion of the project. Contractors must conduct comprehensive program improvement activities including applied vocational research, experimental programs to test effectiveness of research findings, improved curriculum materials, projects in the development of new careers, and dissemination of the results of these activities.

The exemplary programs supported must be part of these comprehensive plans. Priority is to be given to exemplary programs designed to reduce sex bias in vocational education. The annual plan covering the final year of support by a State for any exemplary program must indicate the proposed disposition of the project following the cessation of Federal support and the means for continued support of successful projects.

Curriculum development projects cannot be contracted for by the States unless the applicant can demonstrate a reasonable probability that the contract will result in improved teaching techniques or materials that will be used in a substantial number of learning situations within five years after completion of the contract. The Federal share for curriculum projects is 100%.

Not less than 20% of the Subpart 3 funds are to be used for guidance and counseling services which must include initiation and improvement of counseling services, counseling leading to greater understanding of educational and vocational options, provision of placement and follow-up services for vocational and non-vocational program students, training to help overcome sex biased counseling, counseling in correctional institutions, counseling for persons of limited English-speaking ability, resource centers for out-of-school individuals, and leadership for guidance and counseling.

### Subpart 4 -- Special Programs for the Disadvantaged

There is authorized \$35 million in FY 78 increasing to \$50 million in FY 82 for grants to States for special programs for the disadvantaged in areas of high youth unemployment and school dropouts. The funds are distributed by the basic State grant formula. Projects are to receive 100% Federal support.

Subpart 5 -- Consumer and Homemaking Education

There is authorized \$55 million for FY 78 increasing to \$80 million in FY 82 for consumer and homemaking programs. The Federal share is 50% except in economically depressed areas where the Federal share is 90%. One-third of the separate authorization is for these areas. Grants can only be used for (1) educational programs that encourage males and females to prepare for combining homemaking and wage earning roles, develop curriculum materials which encourage elimination of sex stereotyping, give greater consideration to needs in economically depressed areas, encourage outreach programs, prepare persons for the homemaker role, emphasize consumer, nutrition, and parenthood education, and (2) for ancillary services.

Part B -- National Programs

Subpart 1 -- General Provisions

Federal Administration -- The Commissioner is directed to assign to the Bureau of Occupational and Adult Education by the end of FY 1978 at least 50% more staff than were assigned to the Bureau in FY 1976.

Vocational Education Data and Occupational Information Data Systems -- The Commissioner and the Administrator of NCES are to jointly develop by September 30, 1977, information elements and uniform definitions for a national vocational education data reporting and accounting system. Such system is to be implemented by NCES and operational by FY 1978.

A National Occupational Information Coordinating Committee is established consisting of the Commissioner of Education, Administrator of NCES, Commissioner of Labor Statistics, and the Assistant Secretary for Employment and Training.

A State receiving assistance under VEA and CETA must establish a State coordinating committee and, with funds made available from the National Committee, implement a State occupational information system.

National Advisory Council -- A 21 member NACVE is retained. Its required membership is expanded to include a representative of vocational guidance and counseling, the National Commission for Manpower Policy, nonprofit private schools, women with backgrounds in employment and training and who are knowledgeable on problems of sex discrimination, and correctional institutions. A majority of Council members cannot be educators or administrators in the field of education, and the President is to insure appropriate representation of both sexes, racial and ethnic minorities, and geographic regions. The Council's duties are expanded to include advise to the President, Congress, and Secretary, as well as the Commissioner; advice on budget requests; and technical assistance to State advisory councils. \$450,000 is authorized for FY 1978, increasing to \$500,000 for FY 1982.

Subpart 2 -- Programs of National Significance

Program Improvement -- From the 5% reserved for the Commissioner for this Subpart, the Commissioner can fund up to 100% of the costs of the following types of activities if they are found to be of national significance: research projects, exemplary projects, curriculum development projects, and guidance and counseling projects. All of these activities are subject to the same restrictions as the similar projects fundable by the States under Part A of the Act.

Grant applicants must be able to demonstrate a reasonable probability that their project will result in improved teaching techniques or curriculum materials that will be used in a substantial number of classrooms within five years.

Contractors for exemplary projects must provide for appropriate participation by nonprofit private school children.

Activities funded shall include contracts to convert job preparation curriculums, prepared for use by the armed services, to curriculums useable by the schools.

From the 5% reserved for Subpart 2, there is also to be established a coordinating Committee on Research in Vocational Education within the Education Division. Its membership is to be composed of the Director of the National Institute of Education, the Commissioner of Education, and the Director of the Fund for the Improvement of Postsecondary Education. The Committee is to: (1) establish, annually, national priorities for vocational education and career education research, innovation, and curriculum development activities, and (2) coordinate these activities to prevent duplication.

From the same 5%, the Commissioner is to support a national center for research in vocational education which is to be a nonprofit agency chosen once every five years. The center is to be assisted by an advisory committee appointed by the Commissioner. The center, either directly or through grants and contracts, is to: conduct applied research and development on problems of national significance; provide leadership development; disseminate the results of its research; provide information to facilitate national planning and policy development; act as a clearinghouse and compile an annotated bibliography of research assisted with VEA funds since July 1, 1970; and work with States, LEA's, and public agencies in developing methods of evaluating programs.

Training and Development Programs for Vocational Education Personnel -- From the 5% reserved for Subpart 2, the Commissioner is to provide opportunities for full-time advanced study of vocational education, opportunities for certified teachers in other fields to become vocational educators, and opportunities for persons in industry with skills in fields for which there is a need for vocational educators to be so trained. Persons having two years of experience in vocational

education or in comparable types of situations and who have a baccalaureate degree can receive awards for use at the graduate level, in approved institutions of higher education. Persons certified (or recently certified) to teach with applicable vocational skills or persons employed in industry with similar skills can receive awards for use in approved teacher training institutions. Awardees in the first category can receive stipends for three years; awardees in the second category, two years. The training institution receives \$4,500 an academic year and \$1,000 a summer term per awardee.

### Subpart 3 -- Bilingual Vocational Training

There is authorized \$60 million for FY 78 increasing to \$80 million for FY 82 for bilingual vocational training programs. 65% of this amount is earmarked to conduct bilingual training programs; 25% is earmarked for preservice and inservice programs to train instructors of bilingual vocational training programs; and 10% is earmarked for grants for the development of instructional materials, research, demonstration activities, and related teacher training activities in the area of bilingual vocational training.

### Subpart 4 -- Emergency Assistance for Remodeling and Renovation of Vocational Education Facilities

There is authorized \$25 million for FY 78 increasing to \$100 million in FY 81 for grants by the Commissioner to rural and urban local educational agencies which are unable to provide vocational programs to meet existing manpower needs because of the obsolescence of their facilities or equipment. Grants can be used to support 75% of the costs of modernizing such facilities (100% in cases of extreme need) and the cost of changes necessary to comply with the Architectural Barrier Act.

### Part C -- Definitions

Effective Dates -- Revisions of VEA are effective on October 1, 1977, with the following exceptions which are effective upon enactment: Sec. 102(d) relating to authorization of appropriations for planning; Sec. 107 relating to planning during FY 1977; Sec. 103(a)(1) relating to reserving funds for the National Occupational Information Coordinating Committee; and Sec. 161 relating to the national vocational education data reporting and accounting system.

Repealers -- Title V, Part F, EPDA, Title 4, Part B, HEA, and Section 1071, HEA are repealed as of October 1, 1977.

Title III -- Extensions and Revisions of Other Education Programs

Part A -- Extension and Revision of Related Programs

Title III, National Defense Education Act of 1958 -- Extends the existing Title III, NDEA, relating to strengthening instruction in science, mathematics, modern foreign language and other critical subjects through FY 1978 at the existing authorization levels.

Title VI, National Defense Education Act of 1958 -- Extends title VI, Foreign Studies and Language Development, through FY 1977 with an authorization level of \$75 million.

International Education Act of 1966 -- Extends the Act through FY 1977 with an authorization level of \$10 million.

Part B -- Other Education Programs

Emergency School Aid -- ESAA related action:

Extends the authorization for ESAA through fiscal 1979 with a total authorization of \$1 billion for the 3 year period.

Authorizes an additional \$25 million in FY 1977 and \$50 million in FY 1978 for (1) the planning and design of certain currently authorized ESAA activities in magnet schools and (2) the development of "pairing" arrangements, education parks and neutral site schools. Also authorized is an appropriation for special programs and projects under section 708(a) of \$50 million for FY 1977 and \$100 million for FY 1978.

Follow the Child -- ESAA is amended to provide that not more than 5% of the amounts available under section 708(a) may be used for the provision of Title I services to Title I participants who are transferred from a Title I target school to a non-target school pursuant to an order or plan issued on or after August 21, 1974.

Allen J. Ellender Fellowship Program -- Extends the Allen J. Ellender Fellowship Program through FY 1982, at an authorization level of \$750,000 for FY 1977 and FY 1978 and \$1 million for each of the succeeding 4 fiscal years.

Maintenance of Effort -- The following provisions relating to maintenance of effort in elementary and secondary programs are effective from the date of enactment of this bill and terminate with the affected statutes (FY 1978 or FY 1979 with the automatic extension):

Maintenance of effort is placed on a per pupil or aggregate basis for ESEA titles I, III and IV; ESAA; and the Adult Education Act.

Under the Adult Education Act and ESEA IV a 5% reduction of effort from any one fiscal year (base year) is permitted. This could be preceding year or second preceding year.

The Commissioner is allowed to waive, for one year only, maintenance of effort for a local Title I participant. In "exceptional" circumstances the waiver requires a proportionate reduction of Federal funds. In "very exceptional" circumstances no such reduction is required.

The Commissioner is allowed to waive for each year maintenance of effort for Adult Education Act and ESEA IV subject to the reduction provisions above.

Notice of any such waiver must be placed in the Federal Register.

ESEA IV State Hold Harmless -- Separate authorizations of appropriations are provided in order to increase allotments under ESEA IV to any State to a level of funding which that State had been receiving under the separate categorical programs for FY 1974.

Adult Education -- The set aside for special programs and teacher training under the Adult Education Act is reduced from 15% of the State's grant to 10% of such grant.

Impact Aid Equalization -- Provision is made that in the application of equalization regulations under the Impact Aid Program, no payment may be withheld from and no repayment required of any State already counting impact aid funds in its state formula prior to promulgation of final regulations or July 1, 1977.

Impact Aid -- P.L. 81-874 is amended to restore to full payments the amount paid under entitlements due to the presence of Federal land within school districts (section 2). Present law requires payment of 60% of entitlement.

#### Part C -- Career Education and Career Development

Career Education and Career Development -- \$10 million is authorized for State planning for programs of career education and career development.

#### Part D -- Guidance and Counseling

Guidance and Counseling -- A new discretionary program to fund institutes, workshops, seminars and work place experiences designed to improve professional guidance qualifications of teachers and counselors, to provide training for supervisory personnel, and to provide work place experience for students. \$20 million is authorized for each FY 1978 and FY 1979.

A \$3 million State grant program is authorized for FY 1977 for programs, projects and leadership activities designed to expand and strengthen counseling and guidance services in elementary and secondary schools.

Title IV -- General Education Provisions

Survey of Availability of Qualified Teachers -- Directs NCES to conduct a continuing survey of institutions of higher education and LEAs to determine the supply and demand situation for qualified teachers and administrative personnel in certain critical areas. The limitation on appropriations for salaries and expenses and grants and contracts for NCES is extended through FY 1978.

Fund for Improvement of Postsecondary Education -- FIPSE is extended through FY 1979 at the present authorization level of \$75 million.

National Institute of Education -- Extends the National Institute of Education through FY 1979 at authorization levels of \$100 million of FY 1977, \$200 million for FY 1978, and \$200 million for FY 1979.

The reauthorization of NIE includes a revision of the priorities for research and development to concentrate the resources of the Institute on basic educational skills; school finance, productivity, and management; improving the ability of schools to meet their responsibilities to provide equal educational opportunities for disadvantaged students of limited English-speaking ability, women, and students; career education; and improved dissemination.

Funds appropriated to NIE may be used to disseminate information on the results of educational research and development, and other educational information. Such projects may employ "Education Extension Agents". When NIE research deals with specific education programs or the target populations of such programs, the NIE director is to consult with the appropriate administrator of these programs. Likewise, when any Federal agency conducts educational research, or provides financial assistance for such research, it is to consult with the NIE.

A new section is added to require the Director to make grants to educational laboratories and centers. A Panel for the Review of Laboratory and Center Operations is created in NIE to review applications from and the operations of laboratories and centers.

A Federal Council on Educational Research and Development is established to be composed of administrators and representatives of certain Federal agencies and departments, and to be chaired by the NIE Director. The responsibilities of the Council are to (1) advise, and consult with, the Director of the Institute with respect to major problems arising in connection with carrying out the purposes of the Institute; (2) promote coordination between the programs and activities of the Institute and related programs and activities of other Federal agencies, including the joint support of activities to the extent such support is appropriate; (3) prepare an annual report to Congress and the President on the status of educational research and development in the United States; and (4) make recommendations to Congress and the President with respect to effective means for the dissemination throughout the United States of information relating to educational research and

development, and carry out an assessment of existing efforts used by Federal agencies for the dissemination of such information.

Amendments to provisions affecting the National Council on Educational Research include changing a quorum to a majority of the members, and specifying that terms expire on September 30, unless a successor has not been appointed and confirmed.

The NCER is to be broadly representative of the general public and the education community, and is authorized to employ up to seven staff members who may be hired without approval from the Director.

The bill provides authority for the Director to establish such research fellowships, with stipends and allowances, as he deems necessary.

Regulations -- Section 431(g) of GEPA is amended to require publication of final regulations within 180 days after the Commissioner submits the schedule for regulations development to the congressional committees. Currently the 180 days applies to the NPRM.

Control of Paperwork -- Requires coordination of data collection activities between OE and OCR. NCES will provide coordination and receive a justification for each data request. A 30 day public comment period before transmission of any data collection proposal to OMB is required. These provisions shall not be construed to interfere with the enforcement of the Civil Rights Act or any other nondiscrimination provision.

Administrative Hearings (Eshleman Deferral Amendment) -- Provides that the Secretary may limit, defer or terminate on the basis of non-compliance with civil rights law only after due process. Due process is defined as:

(i) at least 30 days prior written notice of deferral to the agency setting forth the particular program or programs which the Secretary finds to be operated in noncompliance with a specific provision of Federal law,

(ii) the opportunity for a hearing on the record before a duly appointed administrative law judge within a 60-day period (unless extended by mutual consent of the Secretary and such agency or institution) from the commencement of any deferral,

(iii) the conclusion of such hearing and the rendering of a decision on the merits by the administrative law judge within a time period not to exceed 90 days from the commencement of such hearing unless the judge finds by a decision such hearing cannot be concluded or such decision cannot be rendered within such time period in which event such judge may extend such time period for not to exceed an additional 60 days,

(iv) the limitation of any deferral of Federal financial assistance which may be imposed by the Secretary to a period not to exceed 15 days after the rendering of such decision unless there has been an express finding on such record that such agency has failed to comply with any such non-discrimination provision of Federal law, and

(v) the Secretary shall establish procedures to ensure the availability of sufficient funds without regard for fiscal year limitations to comply with the judge's decision.

Goals and Quotas -- The following new section is added to GEPA:

"(b) It shall be unlawful for the Secretary to defer or limit funds on the basis of failure to comply with the imposition of quotas, (or any other numerical requirements which have the effect of requiring quotas), on the student admission practices of an institution of higher education or community college receiving Federal financial assistance whether directly or indirectly, under any applicable programs, and funds shall not be deferred or limited on the basis of failure to comply with such quotas or numerical requirements."

Justification of Deferral Authority -- The Conference Report on S. 2657 also contain language which indicates that the Congress is not taking any position on whether the Secretary currently has the authority to limit or defer funds to an institution of higher education on other grounds.

BIA Eligibility -- Postsecondary schools operated by BIA are eligible to participate in Education Division programs if they meet the other eligibility criteria for the program.

Girls State-Boys State -- Title IX is amended to remove from applicability of that title any activity relating to Girls State-Boys State.

Father-Son, Mother-Daughter -- Title IX is amended to prevent any preclusion of such activities for students of one sex provided there are opportunities for reasonably comparable activities for students of the other sex.

Beauty Pageants -- Title IX of the Education Amendments of 1972 is amended to exempt from coverage any scholarship awarded by an institution of higher education to any individual who has received an award in any pageant in which the attainment of the award is based upon a combination of factors related to the personal appearance, poise, and talent of such individual. Thus, this exemption is limited exclusively to scholarships awarded for beauty pageants. Such pageants must be in compliance with other nondiscrimination provisions of Federal law.

Title V -- Technical and Miscellaneous Provisions

Part A -- Technical Amendments. This part contains most of the technical amendments to P.L. 93-380 proposed by this Department early in the 94th Congress.

Part B -- Miscellaneous Amendments

HEP and CAMP Report -- The Secretary of HEW, in consultation with the Secretary of Labor is to submit to Congress within six months a report on the High School Equivalency and College Assistance Migrant Program under section 303 of CETA, along with an analysis of whether the programs should be administered by the Office of Education.

Vocational Education Study -- The Commissioner of Education is to conduct a study of sex bias and stereotyping in vocational education programs. NIE is to conduct a comprehensive study of vocational education programs, including those carried out by States and those conducted under the Vocational Education Act and CETA.

Reorganization of the Education Division -- The Secretary shall prepare a report to the Congress by 6/30/77 containing analysis and recommendations for a reorganization of the Education Division.

Wayne Morse Chair of Law and Politics -- Authorizes \$500,000 for up to 50% of the cost of establishing a Wayne Morse Chair at the University of Oregon.

Department Day Care Centers -- Authorizes Secretary to establish and operate day care facilities for children of HEW employees.

Effective Dates -- There is a general effective date of 30 days after enactment for provisions of this bill except where specifically noted such as: (1) all provisions of the Vocational Education Act (except 1 year extensions), reassignment of personnel in Bureau of Occupational and Adult Education, studies and improved data collection which are effective October 1, 1977; (2) the provision authorizing planning grants to States for vocational education for FY 1977 is effective for only that year; and (3) changes in NIE are effective upon enactment.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

OCT 7 1976

Honorable James T. Lynn  
Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Lynn:

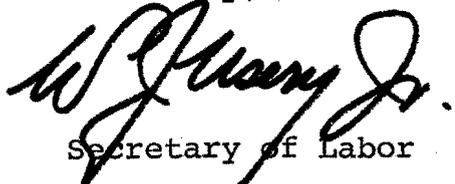
This letter is in response to your request for our views on the enrolled act S. 2657, the "Education Amendments of 1976." The Act would amend the Higher Education Act of 1965, the Vocational Educational Act of 1963, the Education Amendments of 1974, and several other general education acts.

The Department of Labor generally defers to the Department of Health, Education, and Welfare for detailed comments on the merits of S. 2657; however, as we noted when commenting earlier on the bill, we could be affected by several of its provisions.

Section 407 would amend the General Education Provisions Act by adding to the act a new subsection 440(b) which would prohibit the Secretary of HEW from limiting, deferring or terminating Federal financial assistance to a local educational agency on the grounds of noncompliance with title VI of the Civil Rights Act of 1964 or any other nondiscrimination provision of Federal law, unless the agency is accorded the right of due process of law. This version of section 407 is substantially different from the provision contained in the earlier legislation which we opposed because of potential adverse effects of the section on our enforcement of the Davis-Bacon and related acts. We believe, however, that this objection has been met in the enrolled version of section 407. That section now has application only with regard to title VI of the Civil Rights Act and other non-discrimination provisions of Federal law and would therefore have no impact on our Davis-Bacon program.

Due to this change, and other provisions which beneficially affect this Department, we recommend that the President approve S. 2657.

Sincerely,

  
Secretary of Labor

Department of Justice  
Washington, D.C. 20530

October 8, 1976

Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Washington, D.C. 20503

Dear Mr. Lynn:

In compliance with your request, I have examined facsimiles of enrolled bills, H.R. 5546, the proposed "Health Professions Education Assistance Act of 1976," and S. 2657, the proposed "Education Amendments of 1976."

With respect to H.R. 5546, we have been asked to direct our attention to section 601 of the bill and proposed section 771(b)(3) in section 502 of the bill. Section 601 would make a number of amendments to the Immigration and Nationality Act concerning the admission of foreign medical graduates. The section 601 amendments present no significant legal problems.

Such is not the case, however, with proposed section 771(b)(3) of title VII of the Public Health Service Act which would require medical schools, as a condition to receiving grant funds, to set aside certain student positions for qualified United States citizens who are students in foreign medical schools. These students would be identified by the Secretary of Health, Education and Welfare.

Proposed section 771(b)(3) is almost certain to generate litigation--litigation to which the United States will be a party. Indeed, it is ironic that this same Congress, within two days, also enacted section 408 of S. 2657, proposed Education Amendments of 1976, which would amend the General Education Provisions Act to make it unlawful for the Secretary to defer or limit any Federal education financial assistance on the basis of a school's failure to comply with student admission quotas.

In spite of this Department's view that proposed section 771(b)(3) is unwise and unsound, we defer to the Department of Health, Education, and Welfare on the question whether H.R. 5546 should receive Executive approval. We also defer to that Department on the question whether S. 2657 should receive Executive approval.

Sincerely,



Michael M. Uhlmann  
Assistant Attorney General



B

10/6/76

**Analysis of Costs of Education Amendments of 1976 (S.2657)**  
**and Comparison with FY 1976 Authorization Level and FY 1977 Predicted Appropriations\***

(Dollars in Millions)

Program	FY 1977 Pred. Approp.	FY 1976 Auth.	Authorization Levels In Bill		
			FY 1977	FY 1978	FY 1979
Part I - Higher Education					
Part A: Community Services and Continuing Education	\$ 15	\$ 50	\$ 60	\$ 70	\$ 80
<u>Section 101</u>					
Part B: College Library Assistance and Library Training and Research	13	100	110	115	120
Part C: Strengthening Developing Institutions	110	120	120	120	120
<u>Section 111</u>					
Part D: Student Assistance					
<u>Section 121</u> - Basic <u>a/ e/</u> Educational Opportunity Grants	1,642	1,526	1,692	2,527	2,656
Administrative Allowance	--	--	20	26	27
<u>Section 122</u> - Supplemental <u>b/</u> Educational Opportunity Grants	240	200	200	200	200
<u>Section 123</u> - State Student Incentive Grants <u>b/</u>	60	50	50	50	50
<u>Section 124</u> - Special Programs for Students from Dis- advantaged Backgrounds	70	100	200	200	200
<u>Section 125</u> - Educational Information Program	--	--	20	30	40
<u>Section 126</u> - Veterans' Cost-of-Instruction Payments <u>a/</u>	31	286	290	267	249

Analysis of Costs of Education Amendments of 1976 (S.2657)

(Dollars in Millions)

Program	FY 1977 Pred. Approp.	FY 1976 Auth.	Authorization Levels In Bill		
			FY 1977	FY 1978	FY 1979
<u>Section 127</u> - Guaranteed Student Loan Program <sup>a/</sup> (Obligations)					
Interest Subsidies	190	202	210	250	293
Special Allowance	119	78	104	115	128
Death and Disability Claims	4	4	4	4	5
Default Claims	180	166	180	186	191
Administrative Cost Allowance to Guarantee Agencies	--	--	6	6	6
Administrative Cost Allowance to Institutions	--	--	13	13	13
Advances for Reserve Funds <sup>c/</sup>	--	--	.	.	.
Subtotal	493	450	517	574	636
<u>Section 128</u> - Work Study Program	420	420	450	570	600
<u>Section 129</u> - Cooperative Education	11	11	17	23	28
<u>Section 130</u> - Direct Loans					
Federal Capital Contributions <sup>b/</sup>	321	400	400	400	400
Cancellation of Loans <sup>a/</sup>	12	9	12	15	18
Part E: Education Professions Dev. Existing Program	--	450	--	--	--
<u>Section 151</u> - Revision of Title V (Familiarizing Teachers with New Curricula Materials)	--	--	25	--	--
<u>Section 152</u> - Teacher Corps	38	(38)	50	75	100
<u>Section 153</u> - Teacher Training Programs (Teacher Centers, Training for Higher Education Personnel)	2	(23)	75	75	75

Analysis of Costs of Education Amendments of 1976 (S.2657)

(Dollars in Millions)

Program	FY 1977 Pred. Approp.	FY 1976 Auth.	Authorization Levels In Bill		
			FY 1977	FY 1978	FY 1979
art F: Financial Assistance for the Improvement of Under- graduate Instruction	8	70	70	70	70
art G: Facilities Program <sup>c/</sup>	3	584	584	584	584
art H: Graduate Programs <sup>c/</sup>	8	50	50	50	50
art I: Community Colleges and State Postsecondary Planning	--	150	166	166	166
Occupational Ed, (Existing Auth.)	--	500	--	--	--
Title II - Vocational Education					
art A: State Programs:					
Subpart 1 - General Provisions <sup>c/</sup> (State Advisory Councils, plans, evaluations, administration)	4	4	4	33	34
Subpart 2 - Basic Grant	505	657	530	669	782
Subpart 3 - Program Improvement and Supportive Serv.	18	66	35	167	196
Subpart 4 - Special Programs for the Disadvantaged	20	60	30	35	40
Subpart 5 - Consumer and Home- making Education	41	50	45	55	65
Part B: National Programs:					
Subpart 1 - General Provisions (National Advisory Council, National Occup. Inf. Coord. Comm.)	--	--	--	1	1
Subpart 2 - Programs of National Significance	28	76	65	44	52

Analysis of Costs of Education Amendments of 1976 (S.2657)

(Dollars in Millions)

Program	FY 1977 Pred. Approp.	FY 1976 Auth.	Authorization Levels In Bill		
			FY 1977	FY 1978	FY 1979
Subpart 3 - Bilingual Vocational Training	3	18	10	60	70
Subpart 4 - Remodeling of Facilities	--	--	--	25	50
Subtotal	618	931	719	1,089	1,290
Residential Vocational Education	--	80	--	--	--
Title III - Extensions and Revisions of other Education Programs					
Part A: Extension and Revision of Related Programs					
Section 301 - Extension <sup>c/</sup> of Title III of the National Defense Education Act of 1958	--	.	.	.	.
Section 302 - Extension and Revision of Title VI of the National Defense Education Act of 1958	18	75	75	--	--
Section 303 - Extension <sup>c/</sup> of the International Education Act of 1958	--	.	10	--	--
Part B: Extension and Revision of Other Programs					
Section 321 - Extension and Revision of the Emergency School Aid Act <sup>d/</sup>	2240	333	333	333	334
Section 707(a) - Magnet schools, etc.	--	--	50	100	--
Section 708(a) - Special projects	--	--	50	100	--

Analysis of Costs of Education Amendments of 1976 (S.2657)

(Dollars in Millions)

Program	FY 1977 Pred. Approp.	FY 1976 Auth.	Authorization Levels In Bill		
			FY 1977	FY 1978	FY 1979
Section 322 - Extension of the Allen J. Ellender Fellowship Program	1	1	1	1	1
Section 328 - Hold Harmless Relating to Title IV of Elementary and Secondary Education Act of 1965 <sup>a/</sup>	12	.	12	12	12
Part C: Career Education and Career Development	--	--	--	10	--
Section 332 - Authorization of Appropriations, Allotment					
Part D: Guidance and Counseling Findings	--	--	3	20	20
Title IV - General Education Provisions					
Section 401 - Survey of Availability of Qualified Teachers	12	35	44	44	--
Section 402 - Extension of the Fund for the Improvement of Post-secondary Education	12	75	75	75	75
Section 403 - National Institute of Education	85	183 <sup>d/</sup>	100	200	200
Total	4,497	7,239	6,650	8,191	8,401

Footnotes:

- a/ Authorization is indefinite; amount shown is the estimated costs of the program.
- b/ Authorization includes such sums as necessary for continuation awards.
- c/ Such sums as necessary are authorized or authorized in addition to specific amounts shown.
- d/ Multi-year lump sum authorization is distributed equally by year.
- e/ Basic grant estimate based on 83 percent participation rate for FY 1977 and 85 percent for FY 1978 and FY 1979. Estimates also reflect increased enrollments and other assumptions not related to changes in the legislation; accordingly, not all of the increase in costs can be attributed to the new bill.

FACT SHEET ON S. 2657  
THE EDUCATION AMENDMENTS OF 1976

Title I--Higher Education

The bill extends through 1979 most programs currently authorized under the Higher Education Act of 1965, and makes the following changes:

- Adds a new lifelong learning program to title I.
- Increases the ceiling on basic educational opportunity grants from \$1400 to \$1800.
- Authorizes an administrative cost payment to institutions attended by students receiving a basic grant or a guaranteed student loan in the amount of \$10 for each student for each program.
- Revises the Guaranteed Student Loan Program to encourage the establishment of State guaranty agencies, to increase aggregate loan limits for graduate students, to modify loan terms and eligibility requirements, to increase from \$15,000 to \$25,000 the family income level under which student borrowers are automatically eligible for the interest subsidy, and to impose criminal penalties for embezzlement, fraud and similar activities.
- Repeals the Education Professions Development programs except for the Teacher Corps; and establishes two new teacher training programs.
- Adds provisions to the Higher Education Act to require schools to adopt information dissemination activities for students and prospective students; and requires the Commissioner to issue regulations for the suspension or termination of the eligibility of schools which fail to adopt reasonable fiscal and management practices or which misrepresent the nature, cost, or advantages of their program.

- Adds a provision to the Higher Education Act to require that when appropriations reach certain levels for student assistance programs, 50 percent of any appropriations for those programs in excess of those levels must go for institutional support programs.

#### Title II--Vocational Education

- Extends existing authorization for vocational education programs through FY 1977.
- Revises the Vocational Education Act, effective for FY 1978 and thereafter, to consolidate the existing ten State and nationally administered programs into three State programs and three national programs:

##### State programs

Basic grants, including program improvement  
and support services  
Special programs for the disadvantaged  
Consumer and homemaking education

##### National programs

Research, dissemination, evaluation, and training  
Bilingual vocational education  
Emergency assistance for remodeling and renovating  
vocational education facilities.

- Requires States to take steps to reduce sex stereotyping and sex discrimination in vocational education programs.
- Requires State vocational education boards to develop a five year plan for vocational education, with annual updates, and to involve other affected State agencies in this planning process. Dissatisfied State agencies may appeal to the Commissioner of Education.

- Requires 10 percent of each State's allotment to be used for vocational education programs for the handicapped, 20 percent for programs for the disadvantaged, and 15 percent for postsecondary vocational education programs.

#### Title III--Extensions and Revisions to Other Education Programs

- Extends the International Education Act and the foreign studies and language development program through FY 1977.
- Extends the Emergency School Aid Act through FY 1979, and provides an additional authorization for discretionary grants to districts having extraordinary desegregation difficulties.
- Amends the maintenance of effort provision for elementary and secondary and adult education programs to permit up to five percent reduction in effort by State and local educational agencies, and to authorize the Commissioner to waive the requirements for one year in exceptional circumstances.
- Establishes new programs for Career Education and Guidance and Counseling.

#### Title IV--General Education Provisions

- Requires the National Center for Educational Statistics to conduct a continuing survey of the supply of and demand for qualified teachers in critical areas.
- Extends the National Institute of Education through FY 1979, revises its priorities to reflect important national concerns, provides for grants for educational laboratories and centers, and establishes a Federal Council on Educational Research and Development to provide for coordination of Federal education research efforts.

- Establishes due process requirements applicable to the deferral or termination of funds to a local educational agency for civil rights violations.
- Prohibits the imposition of quotas on the student admission practices of institutions of higher education.
- Provides that title IX of the Education Amendments of 1972 (relating to sex discrimination in education programs) shall not apply to the Boys State and Girls State programs, mother-daughter and father-son activities, and scholarships awarded to winners of beauty pageants.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 11

Time: 1000am

FOR ACTION: David Lissy  
 Max Friedersdorf *sign*  
 Bobbie Kilberg *veto*  
 Steve McConahey  
 Robert Hartmann (memorandum of disapproval attached)

cc (for information):  
 Alan Greenspan *veto*  
 Bill Seidman  
*Jean Holm sign*

Jack Marsh  
 Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 11

Time: 230pm

SUBJECT:

S.2657-Education Amendments of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please-return to judy johnston,ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.  
For the President

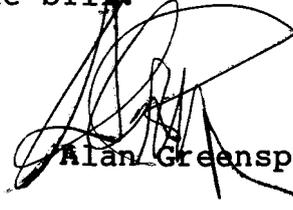
THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

October 11, 1976

MEMORANDUM FOR JAMES M. CANNON

Subject: S. 2657 - Education Amendments of 1976

We agree with the OMB assessment of S.2657 both because of its budgetary impact and its inconsistency with previous Administration initiatives. We, therefore, recommend that the President not sign the bill.



Alan Greenspan



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 1

Date: October 11

Time: 1000am

Jack Marsh  
Ed Schmults

FOR ACTION: David Lissy  
Max Friedersdorf  
Bobbie Kilberg  
Steve McConahey  
Robert Hartmann (memorandum of disapproval attached)

cc (for information):  
Alan Greenspan  
Bill Seidman  
Jeanne Holm

FROM THE STAFF SECRETARY

DUE: Date: October 11

Time: 230pm

SUBJECT:

S.2657-Education Amendments of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

The Vocational-Education Amendments to increase the state sensitivity to the issue of sex bias and sex stereotyping in vocational education provisions are important to increasing vocational-education opportunities for women. We recommend approval.

*Jeanne Holm for*

Jeanne M. Holm  
October 11, 1976

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

JAMES M. CANNON  
For the President

Date: October 11

Time: 1000am

Jack Marsh  
Ed Schmults

FOR ACTION: David Lissy  
Max Friedersdorf  
Bobbie Kilberg ✓  
Steve McConahey  
Robert Hartmann (memorandum of disapproval attached)

cc (for information):  
Alan Greenspan  
Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: October 11

Time: 230pm

SUBJECT:

S.2657-Education Amendments of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
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- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

*approve of noapproval Kelley 10/11/76*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon  
For the President

THE WHITE HOUSE

WASHINGTON

October 11, 1976

MEMORANDUM FOR: JIM CANNON  
FROM: MAX L. FRIEDERSDORF *M.L.F.*  
SUBJECT: S.2657 - Education Amendments of 1976

The Office of Legislative Affairs concurs with the agencies  
that the SUBJECT BILL BE SIGNED.

Attachments

THE WHITE HOUSE  
WASHINGTON

10/11/76 - 11:25 am  
1 n  
LOG NO.:

ACTION MEMORANDUM

Date: October 11

Time: 1000am

Jack Marsh  
Ed Schmults

FOR ACTION: David Lissy  
Max Friedersdorf  
Bobbie Kilberg  
Steve McConahey  
Robert Hartmann (memorandum of disapproval attached)

cc (for information):  
Alan Greenspan  
Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: October 11

Time: 230pm

SUBJECT:

S.2657-Education Amendments of 1976

*Wed. Last day for action  
& President will be away.*

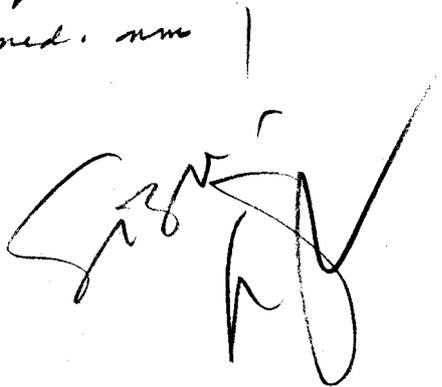
ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

*10/11/76 - copy sent for researching. nm*  
*10/11/76 - Researched copy returned. nm*



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon  
for the President

MEMORANDUM OF DISAPPROVAL

I am withholding my approval of S. 2657, the Education Amendments of 1976.

In my opinion, this bill is irresponsible in three respects: First, it would authorize appropriations of over \$23 billion over the next three years. This represents an excessive burden upon the American taxpayer. Second, this bill creates 16 new categorical programs for a multiplicity of purposes. Furthermore, these new programs <sup>creates</sup> ~~impose~~ unreasonable complexities <sup>imposes unnecessary</sup> and administrative burdens ~~not~~ ~~only~~ upon the Department of Health, Education, and Welfare <sup>as well as</sup> ~~but also~~ upon the Nation's institutions of higher education and ~~upon~~ State and local governments. Third, and most importantly, the Congress has altered the major Federal assistance program for postsecondary students--the basic educational opportunity grant program--in a way that would reduce awards for low income, disadvantaged students. Under current and foreseeable funding levels, lower income students would receive awards which average \$100 less <sup>that</sup> ~~as~~ a direct result of the changes made by the Congress in this bill. <sup>presently allowed</sup>

By not signing this bill, I am indicating that the current laws governing our higher education and vocational education programs, as imperfect as those laws may be, are preferable to the changes incorporated in S. 2657.

~~In summary,~~ let me emphasize that I am dedicated to the appropriate Federal role in support of higher and vocational education. <sup>However,</sup> this bill, by altering the Basic Opportunity Grants program at the expense of its intended

recipients <sup>—</sup> students from poor and working poor families,  
by authorizing excessive appropriations, by creating  
new categorical programs, by imposing additional adminis-  
trative burdens, does not meet the Nation's educational  
needs.

*Under these circumstances, I cannot  
approve these amendments.*

\* commas take precedence over dashes.  
Therefore semi colons are not necessary.

10/11/76 - 11:25 am  
J n

ACTION MEMORANDUM

LOG NO.:

Date: October 11

Time: 1000am

Jack Marsh  
Ed Schmults

FOR ACTION: David Lissy  
Max Friedersdorf  
Bobbie Kilberg  
Steve McConahey  
Robert Hartmann (memorandum of disapproval attached)

cc (for information):  
Alan Greenspan  
Bill Seidman

FROM THE STAFF SECRETARY

331  
to RES 11:53  
10/11  
GAm

DUE: Date: October 11

Time: 230pm

SUBJECT:

S.2657-Education Amendments of 1976

*Wed. is last day for action  
& President will be away.*

to DJS  
10/11 1:00  
GAm

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
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- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon  
for the President

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*ok/jk*

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*Attached P.O'Neill Backup*

*6,650 } attached  
8,191 } chart  
8,401 }*

*Attached P.O'Neill backup*

*Attached OMB P.O'Neill backup*

*"*

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Let me emphasize that I am dedicated to the appropriate Federal role in support of higher and vocational education. However, this bill, by altering the Basic Opportunity Grants

program at the expense of its intended recipients -- students from poor and working poor families, by authorizing excessive appropriations, by creating new categorical programs, by imposing additional administrative burdens, does not meet the Nation's educational needs.

Under these circumstances, I cannot approve these amendments.

THE WHITE HOUSE,

Cathy

10/11

for delivery  
to Mr. Linder  
in a.m.

Sal

STATEMENT BY THE PRESIDENT

I have approved S. 2657, the Education Amendments of 1976. I have done so with some reluctance because parts of the legislation are unwise and others contain authorization levels which we cannot realistically expect to meet. I have signed the legislation, however, because of the positive elements it contains and because most of its worst elements are readily susceptible to corrective legislation in the next session of Congress.

S. 2657 makes a number of positive changes to our education laws. I applaud the steps taken toward program consolidation in the Vocational Education Amendments. This is fully consistent with my broader effort to achieve consolidation of educational programs. I hope the incentives provided in this bill to increase State participation in the Guaranteed Student Loan program will fulfill their potential, and that the experimental program which consolidates at the State level, the student application process of the Federal Basic Educational Opportunity Grant program with that of similar State grant programs will demonstrate the merit of returning such responsibilities to the State and local level.

Numerous Administration initiatives designed to curb fraud and abuse in student assistance programs, particularly the Guaranteed Student Loan program, were adopted. Other needed Administration recommendations to reduce sex-stereotyping in

vocational education programs were also adopted.

However, I particularly regret the inclusion of the so-called trigger mechanism which operates to divert funds from student assistance to clearly undesirable forms of institutional assistance, which the Congress itself has not recently funded in a substantial way.

In raising the maximum Basic Educational Opportunity Grant from \$1400 to \$1800, effective in the 1978-79 school year, the Congress may well have continued its penchant for promising more than we can responsibly provide. I am committed to the basic grant program, but I could not *at this time* reasonably *expect* responsibly ~~assess~~, ~~at this time~~ that in two years we could fully fund this program at the new level.

There are other features in the bill which, I believe, ~~are~~ <sup>are</sup> objectionable and which should be changed.

Although it is generally the practice of Congress to consider and pass major educational legislation only when the previous authorizing legislation terminates, I would ask that such not be the case with this legislation. S. 2657 has serious deficiencies. I intend to forward to the first session of the 95th Congress for their consideration and action major revisions to this bill, especially in the area of higher education, and <sup>F</sup>ask the support of those who participated in the development of S. 2657 to assist in its improvement.

STATEMENT BY THE PRESIDENT

338 to PEO -  
to ~~DDS~~ 10/11 5:25  
10/11 5:50 GAm  
GAm  
ok/jml

attached  
back-up

ok  
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ok  
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