

Public Law 95-215  
95th Congress

An Act

To amend the conditions for schools receiving capitation grants under section 770 of such Act, and for other purposes.

Dec. 19, 1977  
[H.R. 9418]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That (a) section 771(b)(3) of the Public Health Service Act is amended to read as follows:

Public Health  
Service Act,  
amendment.

“(3) (A) Except as provided under subparagraph (D), a school of medicine may not receive a grant under section 770 to be made in the fiscal year ending September 30, 1978, unless its application for such grant contains or is supported by assurances satisfactory to the Secretary that such school will increase its enrollment of full-time, third-year students as prescribed by subparagraph (B).

Medical schools  
grant eligibility,  
fiscal year 1978.  
Enrollment  
requirements.  
42 USC 295f-1.  
42 USC 295f.

“(B) The enrollment increase referred to in subparagraph (A) is an enrollment increase in a school of medicine—

“(i) which is to occur in school year 1978-1979,

“(ii) in the number of full-time, third-year students over the number of full-time, second-year students who successfully completed the second-year program of such school in the preceding school year and enrolled in the third-year class of such school, and

“(iii) which is not less than 5 per centum of the number of—

“(I) full-time, first-year students enrolled in such school in school year 1977-1978, or

“(II) full-time, third-year students enrolled in such school in school year 1977-1978,

whichever is less.

“(C) In determining the number of full-time, third-year students enrolled in a school in a school year in which an increase is required by subparagraph (B) (i)—

Enrollment  
increase, criteria.

“(i) full-time, third-year students of such school who were not second-year students in such school and—

“(I) who are not citizens of the United States,

“(II) who were previously enrolled in a school of medicine to which the requirement of subparagraph (A) applies,

“(III) who were previously enrolled in a school of medicine to which the requirement of subparagraph (A) does not apply because of subparagraph (D) and for whom a position in the third-year class of such school was available in such school year,

“(IV) who first enrolled after October 12, 1976, in a school of medicine not in a State,

“(V) who were previously enrolled in a school of dentistry or a school of osteopathy, or

“(VI) who were previously enrolled in a school of medicine which is in a State and which is not accredited by the body or bodies approved for such purpose by the Commissioner of Education,

shall not be counted; and

“(ii) full-time, second-year students enrolled in such year who are citizens of the United States and who were first enrolled before October 12, 1976, in a school of medicine not in a State shall be counted as third-year students.

Waiver.

“(D) The Secretary may waive (in whole or in part) the requirement of subparagraph (A) for a school of medicine—

“(i) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation;

“(ii) upon a finding that, because of the inadequate size of the population served by the hospital or clinical facility in which such school conducts its clinical training, an increase in its enrollment of third-year students to meet such requirement will prevent it from providing high quality clinical training for each of its third-year students; or

“(iii) if the Secretary determines that such school has made a good faith effort to meet the requirement of subparagraph (A) but has been unable to meet such requirement solely because there is an insufficient number of students who, under this paragraph, are eligible to be counted in determining if the school has met such requirement.

42 USC 295f.

The requirement of subparagraph (A) does not apply to the application of a school of medicine for a grant under section 770 if in school year 1977-1978 such school had an enrollment of full-time, first-year students which exceeded its enrollment in such school year of full-time, third-year students by at least 25 per centum.

“(E) A school of medicine which did not receive a grant under section 770 because it did not comply with the applicable requirements of this paragraph shall not be eligible to receive a grant under such section to be made in the fiscal year ending September 30, 1979, or in the next fiscal year.”

First time enrollees.

42 USC 295f-2.  
Ante, p. 1503;  
Infra.

(b) Section 772 of the Public Health Service Act is amended by adding at the end thereof the following new subsection:

“(e) For purposes of administering the requirements of section 771, a reference to a year class of students is a reference to students enrolled in that class for the first time.”

Dental specialty programs.  
42 USC 295f-1.

SEC. 2. Section 771(d)(2) of the Public Health Service Act is amended (1) by striking out “In” and inserting in lieu thereof “In the case of a school of dentistry which in school year 1976-1977 had at least six filled, first-year positions in dental specialty programs, in”, (2) by striking out “a school of dentistry’s” and inserting in lieu thereof “such a school’s”, (3) by striking out “filled positions” each place it occurs and inserting in lieu thereof “filled, first-year positions”, and (4) by striking out “shall be positions” and inserting in lieu thereof “shall be first-year positions”.

SEC. 3. (a) Subsection (a) of section 748 of the Public Health Service Act is amended to read as follows:

“(a) The Secretary may make grants to—

“(1) accredited schools of public health, and

“(2) other public or nonprofit institutions which provide graduate or specialized training in public health and which are not eligible to receive a grant under section 749, to provide traineeships.”

Public health schools, traineeship grants.  
42 USC 294r.

(b) Section 748(b)(3)(B) of such Act is amended (1) by striking out “or” at the end of clause (iii), (2) by striking out the period at the end of clause (iv) and inserting in lieu thereof “, or” and (3) by adding after such clause the following: 42 USC 294r.

“(v) preventive medicine or dentistry.”.

(c) Section 748(c) of such Act is amended (1) by striking out “\$8,000,000” and inserting in lieu thereof “\$9,000,000”, and (2) by striking out “\$9,000,000” and inserting in lieu thereof “\$10,000,000”. Appropriation authorization.

(d) The heading for section 748 of such Act is amended to read as follows:

“PUBLIC HEALTH TRAINEESHIPS”.

SEC. 4. (a) Subsection (a)(1) of section 731 of the Public Health Service Act (relating to eligibility of student borrowers and terms of federally insured student loans) is amended to read as follows: 42 USC 294d.

“(1) made to—

“(A) a student who—

“(i) (I) has been accepted for enrollment at an eligible institution, or (II) in the case of a student attending an eligible institution, is in good standing at that institution, as determined by the institution;

“(ii) is or will be a full-time student (as defined in section 770(c)(2)) at the eligible institution; 42 USC 295f.

“(iii) in the case of a student in a school of medicine, osteopathy, or dentistry, has been authorized by the institution in accordance with section 739(b)(2) to receive a loan under this subpart; 42 USC 294f.

“(iv) has agreed that all funds received under such loan shall be used solely for tuition and other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by such students;

“(v) for the school year for which such loan is made, receives no funds from a loan insured under a Federal, State, or nonprofit program provided or assisted under part B of title IV of the Higher Education Act of 1965; 20 USC 1071.

“(vi) in the case of a pharmacy student, has satisfactorily completed three years of training; or

“(B) an individual who—

“(i) has previously had a loan insured under this subpart when the individual was a full-time student at an eligible institution;

“(ii) is in a period during which, pursuant to paragraph (2), the principal amount of such previous loan need not be paid; and

“(iii) has agreed that all funds received under the proposed loan shall be used solely for repayment of interest due on previous loans made under this subpart; and”.

(b) Subsection (a)(2) of such section is amended—

(1) by inserting before the semicolon at the end of subparagraph (D) the following: “, except that the note or other written agreement may provide that payment of any interest otherwise payable (i) before the beginning of the repayment period, (ii) during any period described in subparagraph (C), or (iii) during any other period of forbearance of payment of principal, may be deferred until not later than the date upon which repayment of

Deferred interest.

- the first installment of principal falls due or the date repayment of principal is required to resume (whichever is applicable) and may further provide that, on such date, the amount of the interest which has so accrued may be added to the principal"; and
- 42 USC 294d. (2) by striking out "student" in subparagraph (E).
- (c) Subsection (b) of such section (relating to maximum interest rates) is amended by striking out "10 percent per annum" and inserting in lieu thereof "12 percent per annum".
- (d) Such section is further amended by adding after subsection (c) the following new subsection:
- "(d) No provision of any law of the United States (other than subsections (a) (2) (D) and (b) of this section) or of any State that limits the rate or amount of interest payable on loans shall apply to a loan insured under this subpart."
- (e) Subpart I of part C of title VII of the Public Health Service Act is amended as follows:
- 42 USC 294. (1) In section 727(a), insert "(and certain former students of)" after "students in".
- 42 USC 294a. (2) In the first sentence of section 728(a), strike out "students" and insert in lieu thereof "borrowers".
- Supra.*  
*Ante*, p. 1505. (3) In the second sentence of section 728(a), insert "or to obtain a loan under section 731(a) (1) (B) to pay interest on such prior loans" after "to continue or complete their educational program".
- 42 USC 294a. (4) In section 728(c), strike out "student".
- 42 USC 294b. (5) In the second sentence of section 729(a)—  
(A) strike out "student" the first time it appears and insert in lieu thereof "borrower"; and  
(B) insert "borrower who is or was a" before "student" the second and third time it appears.
- 42 USC 294d. (6) In section 731(a) (2) (B), strike out "student" and insert in lieu thereof "borrower".
- (7) In the heading to section 731, strike out "STUDENT".
- 42 USC 294e. (8) In subsections (a) and (b) (2) of section 732, strike out "student" and insert in lieu thereof "borrower" each time it appears.
- (9) In subsections (b) (1) and (e) of section 732, strike out "student".
- 42 USC 294f. (10) In section 733, strike out "student" each time it appears.
- (11) In the heading to section 733, strike out "STUDENT" and insert in lieu thereof "BORROWER".
- 42 USC 294k. (12) In section 738, strike out "student".
- 42 USC 294l. (13) In section 739(a) (1), strike out "student" and insert in lieu thereof "borrower".
- 42 USC 294j. (f) Section 737(1) of the Public Health Service Act is amended (1) by striking out "and public health" and inserting in lieu thereof "or public health", and (2) by inserting "(A)" after "that" and by inserting before the period the following: "or (B) was not eligible to receive such a grant for such fiscal year solely because it did not meet the applicable requirements of section 771(b) (3)".
- Ante*, p. 1503.  
Effective date. (g) The amendments made by this section shall take effect on October 1, 1977.
- 42 USC 294d note. SEC. 5. Effective October 1, 1977, section 751(d) (2) of the Public Health Service Act is amended to read as follows:
- "(2) second, to applications made (and contracts submitted)—  
(A) for the school year beginning in calendar year 1978, by individuals who are entering their first, second, or third
- 42 USC 294t. National Health Service Corps Scholarship program, application approval.

year of study in a course of study or program described in subsection (b) (1) (B) in such school year;

“(B) for the school year beginning in calendar year 1979, by individuals who are entering their first or second year of study in a course of study or program described in subsection (b) (1) (B) in such school year; and

“(C) for each school year thereafter, by individuals who are entering their first year of study in a course of study or program described in subsection (b) (1) (B) in such school year.”.

SEC. 6. (a) (1) Section 1515(b) (2) of the Public Health Service Act is amended (1) by striking out “which may not” and inserting in lieu thereof “which, except as otherwise provided in this paragraph, may not”, and (2) by adding after the first sentence the following: “The Secretary may, upon application of a conditionally designated entity, extend for an additional period of not to exceed 12 months the period of such entity’s conditional designation if the Secretary determines that (A) unusual circumstances exist or existed which prevent such entity from qualifying for designation under subsection (c) within 24 months of such entity’s conditional designation under this subsection, (B) such extension should enable such entity to qualify for designation under subsection (c), and (C) such extension is necessary to carry out the purposes of this title. Each such determination shall be in writing and shall include a summary of the reasons for it.”.

Health systems agencies, conditional designation.  
42 USC 300l-4.

(2) The second sentence of section 1516(a) of such Act is amended by inserting before the period at the end a comma and the following: “except that in the case of a grant made to a conditionally designated entity with which the Secretary will not enter into a designation agreement under section 1515(c), such grant shall be available for obligation for such additional period as the Secretary determines such entity will require to satisfactorily terminate its activities under the agreement for its conditional designation”.

Planning grants, availability.  
42 USC 300l-5.

(b) Section 1521(b) (2) (B) of the Public Health Service Act is amended by striking out “twenty-four months” and inserting in lieu thereof “thirty-six months”.

42 USC 300l-4.

42 USC 300m.

SEC. 7. The Secretary of Health, Education, and Welfare shall conduct a study to determine whether schools of medicine, nursing, or osteopathy deny admission or otherwise discriminate against any applicant to such schools because of the applicant’s reluctance, or willingness, to counsel, suggest, recommend, assist, or in any way participate in the performance of abortions or sterilizations contrary to his or her religious beliefs or moral convictions. Not later than February 1, 1978, the Secretary shall complete such study and report his findings and recommendations to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Human Resources of the Senate.

Study.  
42 USC 300 note.

SEC. 8. (a) Section 1121(b) (5) of the Public Health Service Act is amended by inserting “fiscal year” before “ending September 30, 1977”.

Report to congressional committees.

42 USC 300c-11.

(b) Section 206(b) (6) of the Public Health Service Act is amended by striking out “senior” and inserting in lieu thereof “junior”.

42 USC 207.

(c) Section 772(b) of the Public Health Service Act is amended by striking out “section 778” and inserting in lieu thereof “section 788”.

42 USC 295f-2.

Saint Elizabeths  
Hospital, excess  
funds,  
investment.

SEC. 9. Section 4839 of the Revised Statutes (24 U.S.C. 165) is amended by inserting after the fourth sentence the following: "With the approval of the Secretary of the Treasury, the disbursing agent may invest funds of the account in excess of current needs in interest-bearing obligations of the United States with maturities suitable for the needs of the account, and any interest on such investment shall be credited to and form a part of the account."

Approved December 19, 1977.

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**LEGISLATIVE HISTORY:**

**HOUSE REPORTS:** No. 95-707 (Comm. on Interstate and Foreign Commerce) and No. 95-828 (Comm. of Conference).

**SENATE REPORTS:** No. 95-545 accompanying S. 2159 (Comm. on Human Resources) and No. 95-608 (Comm. of Conference).

**CONGRESSIONAL RECORD, Vol. 123 (1977):**

Oct. 17, considered and passed House.

Nov. 4, considered and passed Senate, amended, in lieu of S. 2159.

Dec. 1, Senate agreed to conference report.

Dec. 7, House agreed to conference report.