

116TH CONGRESS
1ST SESSION

H. R. 4638

To give middle-class families access to the maximum Federal Pell Grant, to increase college transparency, and State maintenance of efforts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 11, 2019

Mr. CARBAJAL introduced the following bill; which was referred to the Committee on Education and Labor, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To give middle-class families access to the maximum Federal Pell Grant, to increase college transparency, and State maintenance of efforts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Degrees Not Debt Act
5 of 2019”.

1 **SEC. 2. INCREASE IN THE MAXIMUM AMOUNT OF A FED-**
 2 **ERAL PELL GRANT.**

3 Section 401(b)(7)(C) of the Higher Education Act of
 4 1965 (20 U.S.C. 1070a(b)(7)(C)) is amended—

5 (1) in clause (i)(I), by striking “clause (iv)(II)”
 6 and inserting “clause (v)(II)”;

7 (2) in clause (ii)(I), by striking “clause (iv)(II)”
 8 and inserting “clause (v)(II)”;

9 (3) by redesignating clauses (iii) and (iv) as
 10 clauses (iv) and (v), respectively;

11 (4) by inserting after clause (ii) the following:

12 “(iii) AWARD YEAR 2019–2020.—For
 13 award year 2019–2020, the amount deter-
 14 mined under this subparagraph for pur-
 15 poses of subparagraph (B)(iii) shall be
 16 equal to—

17 “(I) \$10,000; reduced by

18 “(II) the maximum Federal Pell
 19 Grant for which a student would be
 20 eligible using the criteria provided
 21 under section 479; and

22 “(III) rounded to the nearest
 23 \$5.”; and

24 (5) by striking clause (iv), as redesignated by
 25 paragraph (3), and inserting the following:

1 “(iv) SUBSEQUENT AWARD YEARS.—
2 For award year 2020–2021 and each sub-
3 sequent award year, the amount deter-
4 mined under this subparagraph for pur-
5 poses of subparagraph (B)(iii) shall be
6 equal to—

7 “(I) the amount determined
8 under this subparagraph for the pre-
9 ceding award year; increased by

10 “(II) a percentage equal to the
11 annual adjustment percentage for the
12 award year for which the amount
13 under this subparagraph is being de-
14 termined; and

15 “(III) rounded to the nearest
16 \$5.”.

17 **SEC. 3. INCREASE FAMILY INCOME THRESHOLD FOR DE-**
18 **TERMINATION OF EXPECTED FAMILY CON-**
19 **TRIBUTION EQUAL TO ZERO.**

20 (a) IN GENERAL.—Section 479 of the Higher Edu-
21 cation Act of 1965 (20 U.S.C. 1087ss) is amended to read
22 as follows:

23 **“SEC. 479. SIMPLIFIED APPLICATION.**

24 “(a) SIMPLIFIED APPLICATION SECTION.—

1 “(1) IN GENERAL.—The Secretary shall develop
2 and use an easily identifiable simplified application
3 section as part of the common financial reporting
4 form prescribed under section 483(a) for families de-
5 scribed in subsection (b).

6 “(2) REDUCED DATA REQUIREMENTS.—The
7 simplified application form shall in the case of a
8 family meeting the requirements of subsection (b),
9 permit such family to be treated as having an ex-
10 pected family contribution equal to zero for purposes
11 of establishing such eligibility and to submit only the
12 data elements required to make a determination
13 under subsection (b).

14 “(b) ZERO EXPECTED FAMILY CONTRIBUTION.—
15 The Secretary shall consider an applicant to have an ex-
16 pected family contribution equal to zero if—

17 “(1) in the case of a dependent student, the
18 sum of the adjusted gross income of the student’s
19 parents is less than or equal to 250 percent of the
20 poverty line (as defined by the Office of Manage-
21 ment and Budget, and revised annually in accord-
22 ance with section 673(2) of the Community Services
23 Block Grant Act (42 U.S.C. 9902(2))) applicable to
24 a family of the size involved;

1 “(2) in the case of an independent student with
2 dependents other than a spouse, the sum of the ad-
3 justed gross income of the student and the student’s
4 spouse (if appropriate) is less than or equal to 250
5 percent of the poverty line (as defined by the Office
6 of Management and Budget, and revised annually in
7 accordance with section 673(2) of the Community
8 Services Block Grant Act (42 U.S.C. 9902(2))) ap-
9 plicable to a family of the size involved; or

10 “(3) in the case of an independent student
11 without dependents other than a spouse, the sum of
12 the adjusted gross income of the student and the
13 student’s spouse (if appropriate) is less than or
14 equal to 250 percent of the poverty line (as defined
15 by the Office of Management and Budget, and re-
16 vised annually in accordance with section 673(2) of
17 the Community Services Block Grant Act (42 U.S.C.
18 9902(2))) applicable to a family of the size involved.

19 “(c) ADJUSTMENTS.—An individual is not required
20 to qualify or file for the earned income credit in order to
21 be eligible under this subsection. The Secretary shall an-
22 nually adjust the income level necessary to qualify an ap-
23 plicant for the zero expected family contribution. The in-
24 come level shall be adjusted according to increases in the
25 Consumer Price Index, as defined in section 478(f).”.

1 (b) ADJUSTMENTS IN INCOME PROTECTION ALLOW-
2 ANCES.—For each academic year, the Secretary of Edu-
3 cation shall continue to publish in the Federal Register
4 a revised table of income protection allowances pursuant
5 to section 478(b)(1)(A) of the Higher Education Act of
6 1965 (20 U.S.C. 1087rr(b)(1)(A)).

7 **SEC. 4. STATE RESPONSIBILITY.**

8 (a) MAINTENANCE OF EFFORT REQUIREMENTS.—
9 Section 401 of the Higher Education Act of 1965 (20
10 U.S.C. 1070a) is amended by adding at the end the fol-
11 lowing:

12 “(k) INSTITUTIONAL INELIGIBILITY BASED ON FAIL-
13 URE OF STATE TO MAINTAIN HIGHER EDUCATION AP-
14 PROPRIATIONS LEVEL.—

15 “(1) IN GENERAL.—Each State that receives
16 funds under this Act shall maintain expenditures
17 and State financial aid for institutions of higher
18 education in the State, with respect to a fiscal year,
19 at an amount that is equal to or more than the aver-
20 age amount of State expenditures and State finan-
21 cial aid for institutions of higher education in the
22 State for the 10 fiscal years preceding such fiscal
23 year.

24 “(2) CONSEQUENCES OF FAILURE TO MAINTAIN
25 EFFORT.—Notwithstanding any other provision of

1 law and beginning 5 years after the date of enact-
2 ment of the Degrees Not Debt Act of 2019, the Sec-
3 retary shall not make a payment under this subpart
4 to an institution of higher education for a fiscal year
5 for the purpose of making a Federal Pell Grant to
6 eligible students in attendance at such institution
7 and any such student shall not be eligible to receive
8 a Federal Pell Grant for attendance at such institu-
9 tion for the fiscal year, if the institution—

10 “(A) is an institution of higher education,
11 as defined in section 102; and

12 “(B) is located in a State that has not
13 maintained expenditures and State financial aid
14 for institutions of higher education in the State,
15 with respect to the fiscal year, at an amount
16 that is equal to or more than the average
17 amount of State expenditures and State finan-
18 cial aid for institutions of higher education in
19 the State for the 5 fiscal years preceding such
20 fiscal year.

21 “(3) WAIVER.—The Secretary may waive the
22 requirement of paragraph (1) for a State, for one
23 fiscal year at a time, and the provisions of para-
24 graph (2) shall have no effect for such fiscal year if
25 the Secretary determines that granting a waiver

1 would be equitable due to exceptional or uncontrol-
2 lable circumstances such as a natural disaster or a
3 precipitous and unforeseen decline in the financial
4 resources of the State.”.

5 **SEC. 5. COLLEGE AND UNIVERSITY RESPONSIBILITY.**

6 (a) PROGRAM PARTICIPATION AGREEMENTS.—Sec-
7 tion 487 of the Higher Education Act of 1965 (20 U.S.C.
8 1094) is amended—

9 (1) in subsection (a), by adding at the end the
10 following:

11 “(30) The institution will put a prominent link
12 on the homepage of the institution’s primary website
13 that goes directly to a report of a standard set of
14 key performance indicators with respect to the insti-
15 tution, as described in subsection (k).”; and

16 (2) by adding at the end the following:

17 “(k) PERFORMANCE INDICATORS.—

18 “(1) IN GENERAL.—The key performance indi-
19 cators under this subsection are the following:

20 “(A)(i) Graduation rates—

21 “(I) at 100 percent of the normal
22 time for graduation;

23 “(II) at 150 percent of the normal
24 time for graduation;

1 “(III) at 200 percent of the normal
2 time for graduation; and

3 “(IV) each of which is disaggregated
4 by age (25 years old and younger, and
5 older than 25 years old), income, race and
6 ethnicity, and first-generation college sta-
7 tus.

8 “(ii) Transfer out rates. Each such rate
9 shall be disaggregated by age (25 years old and
10 younger, and older than 25 years old), income,
11 race and ethnicity, and first-generation college
12 status.

13 “(iii) Withdrawal rates, including rates of
14 students who withdraw from a certificate pro-
15 gram to seek employment in a related field of
16 study.

17 “(B) Employment outcomes, including the
18 following:

19 “(i) The average salary of a graduate
20 3 years after graduation.

21 “(ii) The percentage of graduates
22 who, 180 days after graduation—

23 “(I) are employed full-time;

24 “(II) are employed part-time;

1 “(III) are employed in the grad-
2 uate’s field of study or certificate; and

3 “(IV) make more than \$25,000 a
4 year.

5 “(iii) The cohort repayment rate.

6 “(C) Student satisfaction rate as indicated
7 by a survey of all students and recent alumni
8 with the following 2 questions using a 5-point
9 Likert scale:

10 “(i) How satisfied are you with your
11 educational experience at [name of institu-
12 tion]?

13 “(ii) If you were making the decision
14 today, how likely would you be to choose to
15 attend [name of institution] again?

16 “(D) The percentage of students who con-
17 tinue enrollment at the institution after the
18 first year of enrollment.

19 “(E) The average net price for the institu-
20 tion’s most recent cohort of graduates, disag-
21 gregated by income quartile.

22 “(F) The average annual net price for full-
23 time attendance, broken out by tuition, fees, liv-
24 ing costs, and other (indirect) costs.

1 “(G) The median time to degree comple-
2 tion.

3 “(H) The percentage of enrolled students
4 with student loan debt.

5 “(I) The average student loan debt at time
6 of graduation for the most recent cohort of
7 graduates who borrowed money.

8 “(J) The average student loan debt at time
9 of withdrawal for the most recent cohort of
10 non-graduates who borrowed money.

11 “(2) COHORT REPAYMENT RATE.—

12 “(A) IN GENERAL.—In this subsection, the
13 term ‘cohort repayment rate’ means, for any
14 fiscal year beginning with fiscal year 2023—

15 “(i) in the case in which 30 or more
16 borrowers at the institution enter repay-
17 ment on Federal Direct Stafford Loans,
18 Federal Direct Unsubsidized Stafford
19 Loans, Federal Direct PLUS Loans, or
20 Federal Direct Consolidation Loans, re-
21 ceived for attendance at the institution, the
22 percentage of those borrowers who are not
23 in default and who make at least a one
24 dollar reduction on their initial student
25 loan principal balance before the end of the

1 second fiscal year following the fiscal year
2 in which the borrowers entered repayment,
3 except as provided in subparagraph (B);
4 and

5 “(ii) in the case in which less than 30
6 borrowers at the institution enter repay-
7 ment on Federal Direct Stafford Loans,
8 Federal Direct Unsubsidized Stafford
9 Loans, Federal Direct PLUS Loans, or
10 Federal Direct Consolidation Loans, re-
11 ceived for attendance at the institution, the
12 percentage of those borrowers plus all of
13 the borrowers at the institution who en-
14 tered repayment on such loans (or on the
15 portion of a loan made under section 428C
16 that is used to repay any such loans) in
17 the 3 fiscal years preceding the fiscal year
18 for which the determination is made, who
19 are not in default and who make at least
20 a one dollar reduction on their initial stu-
21 dent loan principal balance before the end
22 of the second fiscal year following the year
23 in which the borrowers entered repayment,
24 except as provided in subparagraph (B).

1 “(B) EXCEPTION.—The ‘cohort repayment
2 rate’ calculation under subparagraph (A) shall
3 not include in the calculation a borrower who
4 is—

5 “(i) in deferment on repayment of a
6 loan described in subparagraph (A) due to
7 study in an approved graduate fellowship
8 program or in an approved rehabilitation
9 training program for the disabled;

10 “(ii) in deferment on repayment of a
11 loan described in subparagraph (A) during
12 a period of at least half-time enrollment in
13 college or a career school;

14 “(iii) in deferment on repayment of a
15 loan described in subparagraph (A) during
16 a period of service qualifying for loan dis-
17 charge or cancellation under part E;

18 “(iv) in deferment on repayment of a
19 loan described in subparagraph (A) due to
20 active duty military service of the borrower
21 during a war, military operation, or na-
22 tional emergency;

23 “(v) in deferment on repayment of a
24 loan described in subparagraph (A) during
25 the 13 months following the conclusion of

1 qualifying active duty military service by
2 the borrower, or until the borrower returns
3 to enrollment on at least a half-time basis,
4 whichever is earlier, if the borrower is a
5 member of the National Guard or other re-
6 serve component of the Armed Forces and
7 was called or ordered to active duty while
8 enrolled at least half-time at an eligible
9 school or within 6 months of having been
10 enrolled at least half-time;

11 “(vi) in mandatory forbearance on re-
12 payment of a loan described in subpara-
13 graph (A) for the full fiscal year; or

14 “(vii) serving as a volunteer under the
15 Peace Corps Act (22 U.S.C. 2501 et seq.)
16 or the Domestic Volunteer Service Act of
17 1973 (42 U.S.C. 4950 et seq.).

18 “(3) NEW DATA POINTS.—The Secretary shall
19 work with the National Center for Education Statis-
20 tics to identify new data points that need to be col-
21 lected to assist colleges and universities with the col-
22 lection, organization, and distribution of key per-
23 formance indicators and cohort repayment rates.

24 “(4) GUIDANCE.—The Secretary shall issue
25 guidance, with input from stakeholders, to facilitate

1 the data collection and display of key performance
2 indicators.”.

3 (b) ENHANCED DATA COLLECTION FOR INSTITU-
4 TIONS WITH ENROLLMENT RATES OF LESS THAN 5,000
5 STUDENTS.—Section 489(a) of the Higher Education Act
6 of 1965 (20 U.S.C. 1096(a)) is amended—

7 (1) in the first sentence, by inserting “(or, in
8 the case of an institution with an enrollment of less
9 than 5,000 students, \$6)” after “\$5”; and

10 (2) by adding at the end the following: “In ad-
11 dition, the Secretary shall provide funds to assist
12 small institutions of higher education, with enroll-
13 ment rates of less than 5,000 students, with data
14 collection, organization, and distribution of perform-
15 ance indicators and cohort repayment rates.”.

16 **SEC. 6. REPEAL OF INCREASED ALTERNATIVE MINIMUM**
17 **TAX EXEMPTION AMOUNT FOR INDIVIDUALS.**

18 (a) IN GENERAL.—Section 55(d) of the Internal Rev-
19 enue Code of 1986 is amended by striking paragraph (4).

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2018.

1 **SEC. 7. REPEAL OF INCREASED ESTATE AND GIFT TAX EX-**
2 **EMPTION.**

3 (a) **IN GENERAL.**—Section 2010(c)(3) of the Internal
4 Revenue Code of 1986 is amended by striking “January
5 1, 2026” and inserting “the date of the enactment of the
6 Degrees Not Debt Act of 2019”.

7 (b) **EFFECTIVE DATE.**—The amendment made by
8 this section shall apply to estates of decedents dying and
9 gifts made after the date of the enactment of this Act.

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