

118TH CONGRESS }
2d Session } HOUSE OF REPRESENTATIVES { REPORT
118-739

COLLEGE COST REDUCTION ACT

NOVEMBER 18, 2024.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Ms. FOXX, from the Committee on Education and the Workforce,
submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 6951]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 6951) to lower the cost of postsecondary education for students and families, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “College Cost Reduction Act”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. References.

TITLE I—TRANSPARENCY

PART A—DEFINITIONS

Sec. 101. Definitions.

PART B—COLLEGE COSTS AND FINANCIAL VALUE

Sec. 111. Financial aid offers.

Sec. 112. College scorecard website.

Sec. 113. Postsecondary student data system.

Sec. 114. Database of student information prohibited.

TITLE II—ACCESS AND AFFORDABILITY

PART A—FINANCIAL NEED

Sec. 201. Amount of need; cost of attendance; median cost of college.

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PART B—FINANCIAL AID

SUBPART 1—GRANTS

Sec. 211. Federal Pell Grant program.
Sec. 212. Campus-based aid programs.

SUBPART 2—LOANS

Sec. 221. Loan limits.
Sec. 222. Loan repayment.
Sec. 223. Loan rehabilitation.
Sec. 224. Interest capitalization.
Sec. 225. Origination fees.

TITLE III—ACCOUNTABILITY AND STUDENT SUCCESS

PART A—ACCOUNTABILITY

SUBPART 1—DEPARTMENT OF EDUCATION

Sec. 301. Agreements with institutions.
Sec. 302. Regulatory relief.
Sec. 303. Limitation on authority of Secretary to propose or issue regulations and Executive actions.
Sec. 304. Office of Federal Student Aid.

SUBPART 2—ACCREDITORS

Sec. 311. Accrediting agency recognition.
Sec. 312. National Advisory Committee on Institutional Quality and Integrity (NACIQI).
Sec. 313. Alternative quality assurance experimental site initiative.

PART B—STUDENT SUCCESS

Sec. 321. Postsecondary student success grants.
Sec. 322. Reverse Transfer Efficiency Act.
Sec. 323. Transparent and fair transfer of credit policies.

SEC. 2. REFERENCES.

(a) HIGHER EDUCATION ACT OF 1965.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

(b) FAFSA SIMPLIFICATION ACT.—Except as otherwise expressly provided, whenever in this Act a reference to a section or other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) refers to such section or other provision as amended or added by the FAFSA Simplification Act, the reference shall be considered to be made to the section or other provision as amended or added by—

(1) title VII of division FF of the Consolidated Appropriations Act, 2021 (title VII of division FF of Public Law 116–260), subject to the effective date of section 701(b) of such Act, as amended by section 102(a) of the FAFSA Simplification Act Technical Corrections Act (division R of Public Law 117–103) (including the authorization provided under section 102(c)(1)(A) of such Act); and

(2) the FAFSA Simplification Act Technical Corrections Act (division R of Public Law 117–103).

TITLE I—TRANSPARENCY

PART A—DEFINITIONS

SEC. 101. DEFINITIONS.

(a) DEFINITIONS.—Section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003) is amended by adding at the end the following:

“(25) CIP CODE.—The term ‘CIP code’ means the six-digit taxonomic identification code assigned by an institution of higher education to a specific program of study at the institution, determined by the institution in accordance with the Classification of Instructional Programs published by the National Center for Education Statistics.

“(26) CREDENTIAL LEVEL.—

“(A) IN GENERAL.—The term ‘credential level’ means the level of the degree or other credential awarded by an institution of higher education to students who complete a program of study of the institution. Each degree or other credential awarded by an institution shall be categorized by the institution as either undergraduate credential level or graduate credential level.

“(B) UNDERGRADUATE CREDENTIAL.—When used with respect to a credential or credential level, the term ‘undergraduate credential’ includes creden-

tials such as an undergraduate certificate, an associate degree, a bachelor's degree, and a post-baccalaureate certificate.

“(C) GRADUATE CREDENTIAL.—When used with respect to a credential or credential level, the term ‘graduate credential’ includes credentials such as a master's degree, a doctoral degree, a professional degree, and a post-graduate certificate.

“(27) PROGRAM OF STUDY.—The term ‘program of study’ means an academic program of study offered to students by an institution of higher education that—

“(A) upon completion of the program, results in the award of a credential to a student, including a degree, diploma, or certificate, for one credential level;

“(B) is certified as a program of study in the institution's program participation agreement under section 487; and

“(C) is classified by a combination of—

“(i) a CIP code; and

“(ii) one credential level, determined by the credential awarded upon completion of the program.

“(28) PROGRAM LENGTH.—The term ‘program length’ means the minimum amount of time in weeks, months, or years that is specified in the catalog, marketing materials, or other official publications of an institution of higher education for a full-time student to complete the requirements for a specific program of study and to obtain the degree or credential awarded by such program.

“(29) TIME TO CREDENTIAL.—The term ‘time to credential’ means, with respect to a student, the actual amount of time in weeks, months, or years it takes the student to complete the requirements for a specific program of study and to obtain the degree or credential awarded by such program.

“(30) VALUE-ADDED EARNINGS.—

“(A) CALCULATION.—With respect to a student who received Federal financial aid under title IV and who completed a program of study offered by an institution of higher education, the term ‘value-added earnings’ means—

“(i) the annual earnings of such student measured during the applicable earnings measurement period for such program (as determined under subparagraph (C)); minus

“(ii) in the case of a student who completed a program of study that awards—

“(I) an undergraduate credential (other than such a credential awarded by a qualifying undergraduate program as defined in section 455(a)(4)(B)(ii)), 150 percent of the poverty line applicable to a single individual as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) for such year; or

“(II) a graduate credential or an undergraduate credential awarded by a qualifying undergraduate program as defined in section 455(a)(4)(B)(ii), 300 percent of the poverty line applicable to a single individual as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) for such year.

“(B) GEOGRAPHIC ADJUSTMENT.—

“(i) IN GENERAL.—Except as provided in clause (ii), the Secretary shall use the geographic location of the institution at which a student completed a program of study to adjust the value-added earnings of the student calculated under subparagraph (A) by dividing—

“(I) the difference between subclauses (I) and (II) of such subparagraph; by

“(II) the most recent regional price parity index of the Bureau of Economics Analysis for the State or, as applicable, metropolitan area in which such institution is located.

“(ii) EXCEPTION.—The value-added earnings of a student calculated under subparagraph (A) shall not be adjusted based on geographic location in accordance with clause (i) if such student attended principally through distance education.

“(C) EARNINGS MEASUREMENT PERIOD.—

“(i) IN GENERAL.—For the purpose of calculating the value-added earnings of a student, except as provided in clause (ii), the annual earnings of a student shall be measured—

“(I) in the case of a program of study that awards an undergraduate certificate, post baccalaureate certificate, or graduate certificate, one year after the student completes such program;

“(II) in the case of a program of study that awards an associate’s degree or master’s degree, 2 years after the student completes such program; and

“(III) in the case of a program of study that awards a bachelor’s degree, doctoral degree, or professional degree, 4 years after the student completes such program.

“(ii) EXCEPTION.—The Secretary may, as the Secretary determines appropriate based on the characteristics of a program of study, extend an earnings measurement period described in clause (i) for a program of study that—

“(I) requires completion of an additional educational program after completion of the program of study in order to obtain a licensure associated with the credential awarded for such program of study; and

“(II) when combined with the program length of such additional educational program for licensure, has a total program length that exceeds the relevant earnings measurement period prescribed for such program of study under clause (i), except that in no case shall the annual earnings of a student be measured more than 5 years after the student completes a program of study.”.

PART B—COLLEGE COSTS AND FINANCIAL VALUE

SEC. 111. FINANCIAL AID OFFERS.

(a) INSTITUTION FINANCIAL AID OFFER.—Part B of title I of the Higher Education Act of 1965 (20 U.S.C. 1011 et seq.) is amended by adding at the end the following:

“SEC. 124. INSTITUTION FINANCIAL AID OFFER FORM.

“(a) STANDARD FORM AND TERMINOLOGY.—The Secretary, in consultation with the heads of relevant Federal agencies, shall develop standard terminology and a standard form for financial aid offers based on recommendations from representatives of students, veterans, servicemembers, families of students, institutions of higher education (including community colleges, for-profit institutions, four-year public institutions, and four-year private nonprofit institutions), financial aid experts, secondary school and postsecondary counselors, college access professionals, nonprofit organizations, and consumer groups.

“(b) KEY REQUIRED CONTENTS FOR AID OFFER.—The standard form developed pursuant to subsection (a) shall be titled ‘Financial Aid Offer’ and shall include the following items in a consumer-friendly manner that is simple and understandable, with costs listed first, followed by grants and scholarships, clearly separated from each other with separate headings:

“(1) COST INFORMATION.—

“(A) IN GENERAL.—Information on the student’s estimated cost of attendance, including the following:

“(i) DIRECT COSTS.—The total cost of all items described in section 472 that are billed to the student by the institution or otherwise required by the institution for enrollment, including such total cost disaggregated by the cost of each such item, including, as determined under such section—

“(I) tuition and fees (and other required expenses); and

“(II) housing and food for a student electing institutionally owned or operated food services or institutionally owned or operated housing.

“(ii) INDIRECT COSTS.—The total cost (including such total cost disaggregated by the cost of each item) as determined under section 472, of—

“(I) housing and food for a student not electing institutionally owned or operated food services and not living in institutionally owned or operated housing;

“(II) books, school supplies, equipment, course materials, and rental or purchase of a personal computer;

“(III) transportation; and

“(IV) any other item described in such section and not described in clause (i) determined to be necessary by the institution.

“(B) The academic period covered by the financial aid offer, and an explanation that the amount of financial aid offered may differ—

“(i) for academic periods not covered by the aid offer, such as a summer term or future academic year; or

“(ii) by program.

“(C) An indication of whether cost and aid estimates are based on full-time or part-time enrollment.

“(D) An indication, as applicable, about whether any costs described in subparagraph (A)(i) which are subject to change are—

“(i) estimated based on the previous year; or

“(ii) set for the academic period indicated in accordance with subparagraph (B).

“(2) GRANTS AND SCHOLARSHIPS.—The aggregate amount of grants and scholarships, differentiated by source, that the student does not have to repay, such as grant aid offered under title IV, grant aid offered through other Federal programs, grant aid offered by the institution, grant aid offered by the State, and, if known, grant aid or scholarship from an outside source to the student for such academic period, including a disclosure that the grants and scholarships do not have to be repaid, except that institutions shall be authorized to list individual grants and scholarships by name at the discretion of the institution.

“(3) NET PRICE.—

“(A) IN GENERAL.—The net price that the student, is estimated to have to pay for the student to attend the institution for such academic period, including the following:

“(i) MINIMUM AMOUNT COVERED BY STUDENT FOR ENROLLMENT.—The net price of tuition and fees (and other required expenses), which is equal to—

“(I) the sum of the costs described in paragraph (1)(A) that are required for students (as determined under paragraph (5)(B)) for the period indicated in paragraph (1)(B); minus

“(II) the total amount of grant and scholarship aid described in paragraph (2) that is included in the financial aid offer and available to the student for the costs described in subclause (I).

“(ii) ESTIMATED ANNUAL NET PRICE OF ATTENDANCE.—The estimated net price of attendance, which is equal to—

“(I) the cost of attendance for the student for the period indicated in paragraph (1)(B); minus

“(II) the total amount of grant and scholarship aid described in paragraph (2).

“(B) DISCLOSURE.—A disclosure that the estimated annual net price of attendance as calculated under subparagraph (A)(ii) is based on an estimate of the total cost of attendance for the year and not necessarily equivalent to the amount the student will owe directly to the institution.

“(4) LOANS.—

“(A) Information on any education loan offered through any Federal or State program (including any loan under part D or part E of title IV other than a Federal Direct PLUS Loan) that the institution offers for the student for the academic period covered by the offer, which shall be made—

“(i) with clear use of the word ‘loan’ to describe the recommended loan amounts; and

“(ii) with clear labeling of subsidized and unsubsidized loans.

“(B) If applicable, a disclosure that such loans have to be repaid with interest.

“(C) Information on any other loan that the student or parent has applied for and been approved for, regardless of the source.

“(5) STUDENT EMPLOYMENT.—Information on work-study employment opportunities (including work-study programs under part C of title IV, institutional work-study programs, or State work-study programs), including—

“(A) the maximum annual amount the student may earn through the program; and

“(B) a disclosure that any amounts received pursuant to such a program may be—

“(i) subject to the availability of qualified employment opportunities upon students enrollment; and

“(ii) disbursed over time as earned by the student.

“(6) PROCESS FOR ACCEPTING, ADJUSTING, OR DECLINING AID AND NEXT STEPS.—

“(A) The deadlines and a summary of the process (including the next steps) for—

“(i) accepting the financial aid offered;

“(ii) adjusting the amount of aid offered; and

“(iii) declining the aid offered.

“(B) Information on when and how costs described in paragraph (1)(A)(i) must be paid, including a clear indication of whether each such cost is required or optional for the student.

“(C) A disclosure that verification of information provided on the Free Application for Federal Student Aid may require the student to submit further documentation.

“(D) Information about where a student or the student’s family can seek additional information regarding the financial aid offered, including contact information for the institution’s financial aid office and the Department of Education’s website on financial aid.

“(E) Information about where a student or a student’s family can seek additional information on college costs and student outcomes, including a link to the Department of Education’s College Scorecard website (or successor website).

“(7) NET PRICE CALCULATOR.—A link to the universal net price calculator website described in section 132(c)(4).

“(8) QUICK REFERENCE BOX.—A standardized quick reference box to enable students to compare information on the costs and financial aid described in paragraphs (1) and (2). The quick reference box shall include the following two data elements:

“(A) The minimum amount covered by the student for enrollment described in paragraph (3)(A)(i).

“(B) The estimated annual net price of attendance described in paragraph (3)(A)(ii).

“(9) ADDITIONAL INFORMATION.—Any other information the Secretary, in consultation with the heads of relevant Federal agencies, including the Secretary of the Treasury and the Director of the Bureau of Consumer Financial Protection, determines necessary, based on the results and input of the consumer testing under subsection (h)(2), and limited only to effectively communicating college costs and financial aid eligibility to students and parents.

“(c) OTHER REQUIRED CONTENTS FOR AID OFFER.—The standard form developed under subsection (a) shall include, in addition to the information described in subsection (b), the following information in a concise format determined by the Secretary, in consultation with the heads of relevant Federal agencies and the individuals and entities described in subsection (a):

“(1) Additional options and potential resources for paying for the amount listed in subsection (b)(3), such as tuition payment plans.

“(2) The following information relating to private student loans and Federal Direct PLUS Loans:

“(A) A disclosure that Federal Direct PLUS Loans, private education loans, or income share agreements may be available to cover remaining need, except that the institution may not include Federal Direct PLUS Loans or private education loans other than under the conditions described in subsection (b)(4)(C) and must include a disclosure that such loans—

“(i) are subject to an additional application process; and

“(ii) must be repaid by the borrower or their co-signer, and may not be eligible for the benefits available for Federal Direct Loans or Federal Direct Unsubsidized Loans.

“(B) A statement that students considering borrowing to cover the cost of attendance should consider available Federal student loans prior to applying for private education loans, including an explanation that Federal student loans offer generally more favorable terms and beneficial repayment options than private loans.

“(d) ADDITIONAL FORMATTING REQUIREMENTS FOR FINANCIAL AID OFFER.—The financial aid offer shall meet the following requirements:

“(1) Clearly distinguish between the aid offered under paragraphs (2) and (4) of subsection (b), by including a subtotal for the aid offered in each of such paragraphs and by refraining from commingling the different types of aid described in such paragraphs.

“(2) Use standard terminology and definitions, as described in subsection (f)(1), and use plain language where possible.

“(3) Use the standard aid offer described in subsection (f)(2).

“(e) ADDITIONAL REQUIREMENTS FOR ELECTRONIC FINANCIAL AID OFFERS.—In the case of an electronic financial aid offer that includes a requirement that a student confirm receipt of such offer, such confirmation may not be considered an acceptance or rejection of such offer.

“(f) SUPPLEMENTAL CONTENT AND DISCLOSURES TO BE PROVIDED.—In addition to the standard form described under subsection (a), institutions shall provide, in sup-

plemental documents or through easily accessible weblinks to the institution's portal or a website, the following:

"(1) The renewability requirements and conditions under which the student can expect to receive similar amounts of such financial aid for each academic period the student is enrolled at the institution.

"(2) Whether the aid offer may change if aid from outside sources is applied after the student receives the initial aid offer, and, if applicable, how that aid will change.

"(3) If loans under part D or part E of title IV or other education loans offered through Federal programs are included—

"(A) a disclosure that the interest rates and fees on such loans are set annually and affect total cost over time, and a link to any website that includes current information on interest rates and fees; and

"(B) if an institution's recommended Federal student loan aid offered in subsection (b)(4) is less than the Federal maximum available to the student, the institution shall provide additional information on Federal student loans including the types and amounts for which the student is eligible and the process for requesting higher loan amounts if offered loan amounts were included.

"(4) If the institution opts not to disclose other items described in subsection (b)(1)(A)(ii)(V) as part of the aid offer, a list of such other items and the allowance amount for each such item.

"(g) STANDARD INFORMATION ESTABLISHED BY SECRETARY.—

"(1) STANDARD TERMINOLOGY.—Not later than 3 months after the date of enactment of the College Cost Reduction Act, the Secretary, in consultation with the heads of relevant Federal agencies, and the individuals and entities described in subsection (a) shall establish standard terminology and definitions for the terms described in subsection (b).

"(2) STANDARD FORM.—

"(A) IN GENERAL.—The Secretary of Education shall develop multiple draft financial aid offers for consumer testing, carry out consumer testing for such forms, and establish a finalized standard financial aid offer in accordance with—

"(i) the process established under subsection (h); and

"(ii) the requirements of this section.

"(B) SEPARATE FINANCIAL AID OFFERS.—The Secretary shall develop separate financial aid offers for—

"(i) undergraduate students; and

"(ii) graduate students.

"(h) ADDITIONAL INFORMATION; REMOVAL OF INFORMATION.—Nothing in this section shall preclude an institution from—

"(1) supplementing the financial aid offer with additional information, provided that such information utilizes the same standard terminology identified in subsection (f)(1) and does not misrepresent costs, financial aid offered, or net price; or

"(2) deleting a required item or disclosure if—

"(A) the student is ineligible for such aid;

"(B) the institution does not participate in the aid program or type;

"(C) the aid offer does not include the aid program or type; or

"(D) a cost of attendance item is not applicable to the student.

"(i) DEVELOPMENT OF FINANCIAL AID OFFER.—

"(1) DRAFT FORM.—Not later than 9 months after the date of enactment of the College Cost Reduction Act, the Secretary of Education, in consultation with the heads of relevant Federal agencies and the individuals and entities described in subsection (a) shall design and produce multiple draft financial aid offers for consumer testing with postsecondary students or prospective students. In developing that form, the Secretary shall ensure that—

"(A) the headings described in paragraphs (1) through (4) of subsection (b) are in the same font, appears in the same order, and are displayed prominently on the financial aid offer, such that none of that information is inappropriately omitted or deemphasized;

"(B) the other information required under subsection (b) appears in a standard format and design on the financial aid offer; and

"(C) the institution may include a logo or brand alongside the title of the financial aid offer.

"(2) CONSUMER TESTING.—

"(A) IN GENERAL.—Not later than 9 months after the date of enactment of the College Cost Reduction Act, the Secretary, in consultation with the heads of relevant Federal agencies, shall establish a process to submit the

financial aid offer drafts developed under paragraph (1) for consumer testing among representatives of students (including low-income students, first generation college students, adult students, veterans, servicemembers, and prospective students), students' families (including low-income families, families with first generation college students, and families with prospective students), institutions of higher education, secondary school and post-secondary counselors, and nonprofit consumer groups.

“(B) LENGTH OF CONSUMER TESTING.—The Secretary shall ensure that the consumer testing under this paragraph lasts not longer than 8 months after the process for consumer testing is developed under subparagraph (A).

“(C) NONAPPLICATION OF PAPERWORK REDUCTION ACT.—Subchapter I of chapter 35 of title 44, United States Code, shall not apply to the consumer testing process under this paragraph.

“(3) FINAL FORM.—

“(A) IN GENERAL.—The results of consumer testing under paragraph (2) shall be used in the development of the finalized standard financial aid offer required under subsection (f)(2).

“(B) REPORTING REQUIREMENT.—Not later than 3 months after the date on which the consumer testing under paragraph (2) concludes, the Secretary shall submit to Congress, and publish on its website—

“(i) the final standard financial aid offer; and

“(ii) a report detailing the results of such testing, including whether the Secretary added, modified, or moved any additional items to the standard financial aid offer pursuant to subsection (b)(6).

“(4) AUTHORITY TO MODIFY.—The Secretary may modify or remove the definitions, terms, formatting, and design of the financial aid offer based on the results of consumer testing required under this subsection and before finalizing the form, or in subsequent consumer testing. The Secretary may also recommend additional changes to Congress.

“(j) COST OF ATTENDANCE DEFINED.—In this section, the term ‘cost of attendance’ has the meaning given such term in section 472.

“(k) USE OF MANDATORY FINANCIAL AID OFFER AND TERMS.—

“(1) IN GENERAL.—Notwithstanding any other provision of law, each institution of higher education that receives Federal financial assistance under this Act shall—

“(A) use the financial aid offer developed under this section in providing paper, mobile-optimized offers, or other electronic offers to all students who apply for aid and are accepted at the institution; and

“(B) use the standard terminology and definitions developed by the Secretary under subsection (f)(1) for all communications from the institution related to financial aid offers.

“(2) EFFECTIVE DATE.—The requirements under this section shall take effect on the first date on which the Secretary releases the Free Application for Federal Student Aid for the applicable award year associated with that application, if such date occurs not less than 1 year after the Secretary of Education finalizes the standard terminology and form developed in accordance with this section.

“(3) ADMINISTRATIVE PROCEDURES.—Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this section, including with respect to the definition of ‘income share agreement’ or ‘private education loan’ (as such term is defined in section 140(a) of the Truth in Lending Act (15 U.S.C. 1650(a))).”

(b) RELATIONSHIP TO EXISTING LAW.—Section 484 of the Higher Education Opportunity Act (20 U.S.C. 1092 note) is amended by adding at the end the following:

“(c) SUNSET.—The authority of the Secretary to carry out this section shall terminate on the date on which the standard form for financial aid offers under section 124 of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is released.”.

SEC. 112. COLLEGE SCORECARD WEBSITE.

(a) COLLEGE SCORECARD WEBSITE.—

(1) DEFINITIONS; CONFORMING AMENDMENTS.—Section 132 of the Higher Education Act of 1965 (20 U.S.C. 1015a(a)) is amended—

(A) by amending subsection (a) to read as follows:

“(a) DEFINITIONS.—In this section:

“(1) COLLEGE SCORECARD WEBSITE.—The term ‘College Scorecard website’ means the College Scorecard website required under subsection (c) and includes any successor website.

“(2) COST OF ATTENDANCE.—The term ‘cost of attendance’ has the meaning given such term in section 472.

“(3) TOTAL NET PRICE REQUIRED FOR COMPLETION.—The term ‘total net price required for completion’ means, with respect to the period of completion of a program of study—

“(A) the sum of the required costs described in section 124(b)(3)(A)(i)(I) charged to a student for such period of completion; minus

“(B) the total amount of grant and scholarship aid described in paragraph (2) of section 124(b) that is available to the student for the costs described in subparagraph (A) for completion of a program of study.”;

(B) by striking subsections (b) through (g); and

(C) by redesignating subsection (h) as subsection (b).

(2) SCORECARD AUTHORIZED.—Section 132 of the Higher Education Act of 1965 (20 U.S.C. 1015a) is further amended—

(A) by striking subsection (i); and

(B) by inserting after subsection (b) (as so redesignated) the following:

“(c) CONSUMER INFORMATION.—

“(1) AVAILABILITY OF INFORMATION FOR TITLE IV INSTITUTIONS AND PROGRAMS.—Not later than 18 months after the date of the enactment of the College Cost Reduction Act, the Secretary shall make publicly available on the College Scorecard website the following aggregated information with respect to each institution of higher education and each program of study at such institution, as applicable, that participates in a program under title IV:

“(A) A link to the website of the institution.

“(B) A link to the net price calculator for such institution.

“(C) A link to the website of the institution containing campus safety data with respect to such institution.

“(D) The geographic location of the institution.

“(E) Information on the type of institution, including sector, size, predominant and highest credential awarded, research intensity, programs of study offered, and other characteristics of the institution.

“(F) Information on student enrollment, including the number and percentage of students enrolled full-time, less than full-time, and enrolled in distance education.

“(G) Information on student progression and completion, including time to credential and rates of withdrawal, retention, transfer, or completion.

“(H) Information on college costs and financial aid, including average, median, minimum, and maximum values of—

“(i) the cost of attendance, including such cost disaggregated by the costs described in paragraphs (1) through (14) of section 472(a);

“(ii) the grants and scholarships received by students at the institution and the number and percentage of such students receiving such grants and scholarships, disaggregated by source and whether such aid is need-based, merit-based, an athletic scholarship, or other type of grant or scholarship; and

“(iii) the total net price required for completion for students who received Federal financial assistance described in paragraph (2)(I).

“(I) Information on student debt and repayment, including—

“(i) the average, median, minimum, and maximum amounts borrowed by students under title IV; and

“(ii) information with respect to repayment of loans made under title IV, including borrower-based repayment rates, dollar-based repayment rates, and time spent in repayment.

“(J) Information on the earnings of students who received Federal financial assistance described in paragraph (2)(I), including the average, median, minimum, and maximum values of—

“(i) with respect to students who complete a program of study in an award year—

“(I) the annual earnings of such students; and

“(II) the value-added earnings of such students; and

“(ii) with respect to students who do not complete a program of study in an award year, the annual earnings of such students.

“(2) DISAGGREGATED INFORMATION.—The Secretary shall ensure the information described in paragraph (1) is disaggregated, as applicable, by the following student characteristics:

“(A) Financial circumstances including—

“(i) household income categories, as determined by students’ adjusted gross income, family size, and poverty line (as defined in section 401(a)); and

“(ii) student aid index categories, as determined by the Secretary.

“(B) Sex.

- “(C) Race and ethnicity.
 - “(E) Classification as a student with a disability.
 - “(F) Enrollment status, including part-time or full-time enrollment, and status as a distance education student.
 - “(G) Status as an in-district, in-State, or out-of-State student.
 - “(H) Status as an international student.
 - “(I) Status as a recipient of Federal financial assistance, including—
 - “(i) a Pell Grant;
 - “(ii) a loan made under title IV; and
 - “(iii) assistance described in section 131(f)(4) administered, sponsored, or supported by the Department of Defense or the Department of Veterans Affairs.
 - “(J) Status as a participant in a program described in section 116(b)(3)(A)(ii) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3131(b)(3)(A)(ii)).
- “(3) INSTITUTIONAL AND PROGRAM COMPARISON.—The Secretary shall include on the College Scorecard website a method for users to easily compare institutions and programs, including in a manner that allows for such comparison based on—
- “(A) the institutional and program information described in paragraph (1); and
 - “(B) the student characteristics described in paragraph (2).
- “(4) UNIVERSAL NET PRICE CALCULATOR.—
- “(A) ESTABLISHMENT.—Not later than 18 months after the date of the enactment of this paragraph, the Secretary shall establish, on a dedicated website of the Department, a Universal Net Price Calculator that provides to an individual, with respect to each institution of higher education and program of study offered by such institution—
 - “(i) the information described in section 124, including the amounts described in clauses (i) and (ii) of subsection (b)(3) of such section; and
 - “(ii) the total net price required for completion as defined under section 132(a).
 - “(B) UNIVERSAL NET PRICE CALCULATOR INPUTS.—
 - “(i) IN GENERAL.—Except as provided in clause (ii), the information required under subparagraph (A) shall be generated based on a single set of questions developed by the Secretary for purposes of capturing the information specified in paragraph (2) and using the data elements described in section 132(f)(2)(C)(ii).
 - “(ii) FAFSA-BASED ESTIMATE.—When an individual submits a Free Application for Federal Student Aid described in section 483, the information required under subparagraph (A) shall be automatically generated based solely on the contents of such application and the data elements described in section 132(f)(2)(C)(ii).
 - “(C) INTEGRATION WITH OTHER FEDERAL FINANCIAL AID RESOURCES.—The Secretary shall ensure that a website link or other means of accessing the Universal Net Price Calculator is included on—
 - “(i) the College Scorecard website; and
 - “(ii) the FAFSA website.
 - “(D) RELATIONSHIP TO EARLY ESTIMATOR TOOL.—Beginning on the date on which the Universal Net Price Calculator becomes operational, the Secretary shall remove from the FAFSA website the electronic estimator maintained pursuant to section 485E(b)(4).
- “(5) UPDATES.—
- “(A) DATA.—The Secretary shall update the Universal Net Price Calculator Website and College Scorecard website not less than annually.
 - “(B) TECHNOLOGY AND FORMAT.—The Secretary shall regularly assess the format and technology of the College Scorecard website and make any changes or updates that the Secretary considers appropriate.
- “(6) CONSUMER TESTING.—In developing and maintaining the College Scorecard website, the Secretary, in consultation with appropriate departments and agencies of the Federal Government—
- “(A) not later than 6 months after the date of the enactment of the College Cost Reduction Act, and not less than once every 3 years thereafter, shall conduct consumer testing with appropriate persons, including current and prospective college students, family members of such students, institutions of higher education, and experts, to ensure that the College Scorecard website is usable and easily understandable and provides useful and relevant information to students and families; and

“(B) prominently shall display on such website in simple, understandable, and unbiased terms for the most recent academic year for which satisfactory data is available, the information described in paragraphs (1) and (2) that was determined to be useful and relevant to students and families based on the consumer testing described in subparagraph (A) for each institution and program of study (as applicable).

“(7) INTERAGENCY COORDINATION.—The Secretary, in consultation with each appropriate head of a department or agency of the Federal Government, shall ensure, to the greatest extent practicable, that any information related to higher education that is published by such department or agency is consistent with the information published on the College Scorecard website.

“(8) DATA COLLECTION AND DUPLICATED REPORTING.—Notwithstanding any other provision of this section, to the extent that another provision of this section requires the same reporting or collection of data that is required under this Act, an institution of higher education, or the Secretary or Commissioner, shall use the reporting or data required under this subsection to satisfy both requirements.

“(9) DATA PRIVACY.—

“(A) IN GENERAL.—The Secretary shall ensure any information made available under this section is made available in accordance with the privacy laws described in section 132(f)(1)(C)(iv).

“(B) SMALL INSTITUTIONS AND PROGRAM OF STUDY.—For purposes of publishing the information described in paragraphs (1) and (2), for any year for which the number of students is determined by the Secretary to be of insufficient size to maintain the privacy of student data, the Secretary shall—

“(i) aggregate up to 4 years of additional data for such program of study to obtain data for a sufficient number of students to maintain student privacy;

“(ii) in the case of a program of study, if the method described in clause (i) is insufficient to maintain student privacy, aggregate data for students who completed or who were enrolled in, as applicable, similar program of study of the institution to obtain data for a sufficient number of students to maintain student privacy; and

“(iii) in the case of a program of study, if the methods described in clauses (i) and (ii) are insufficient to maintain student privacy, or additional data described in such clauses is not available or can not be aggregated, aggregate data with respect to all students who completed or were enrolled in, as applicable, any program of study of the institution of the same credential level, in lieu of data specific to students in such program of study.”.

(b) CONFORMING AMENDMENTS.—The Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), as amended by subsection (a) of this section, is further amended by striking “College Navigator” each place it appears and inserting “College Scorecard”.

(c) REFERENCES.—Any reference in any law (other than the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.)), regulation, document, record, or other paper of the United States to the College Navigator website shall be considered to be a reference to the College Scorecard website.

SEC. 113. POSTSECONDARY STUDENT DATA SYSTEM.

Section 132 of the Higher Education Act of 1965 (20 U.S.C. 1015a) is further amended—

(1) by redesignating subsections (j) and (k) as subsections (d) and (e), respectively;

(2) by redesignating subsection (l) as subsection (g); and

(3) by inserting after subsection (e), as so redesignated, the following:

“(f) POSTSECONDARY STUDENT DATA SYSTEM.—

“(1) IN GENERAL.—

“(A) ESTABLISHMENT OF SYSTEM.—Not later than 3 years after the date of enactment of the College Cost Reduction Act, the Commissioner of the National Center for Education Statistics (referred to in this subsection as the ‘Commissioner’) in consultation with the Director of the Institute of Education Sciences (referred to as ‘the Director’) shall develop and maintain a secure and privacy-protected postsecondary student-level data system in order to—

“(i) accurately evaluate student enrollment patterns, progression, completion, and postcollegiate outcomes, and higher education costs and financial aid;

“(ii) assist with transparency, institutional improvement, and analysis of Federal aid programs;

“(iii) provide accurate, complete, and customizable information for students and families making decisions about postsecondary education; and

“(iv) to the extent practicable, reduce the reporting burden on institutions of higher education in accordance with section 111 of the College Cost Reduction Act.

“(B) AVOIDING DUPLICATE REPORTING.—Notwithstanding any other provision of this section, to the extent that another provision of this section requires the same reporting or collection of data that is required under this subsection, an institution of higher education, or the Secretary or Commissioner, shall use the reporting or data required for the postsecondary student data system under this subsection to satisfy both requirements.

“(C) DEVELOPMENT PROCESS.—In developing the postsecondary student data system described in this subsection, the Commissioner, in consultation with the Director, shall—

“(i) focus on the needs of—

“(I) users of the data system; and

“(II) entities, including institutions of higher education, reporting to the data system;

“(ii) take into consideration, to the extent practicable—

“(I) the guidelines outlined in—

“(aa) the ‘United States Web Design Standards’ maintained by the General Services Administration; and

“(bb) the ‘Digital Services Playbook’ and ‘TechFAR Handbook for Procuring Digital Services Using Agile Processes’ of the United States Digital Service; and

“(II) the relevant successor documents or recommendations of such guidelines;

“(iii) use modern, relevant privacy- and security-enhancing technology, and enhance and update the data system as necessary to carry out the purpose of this subsection;

“(iv) ensure data privacy and security is consistent with any relevant Federal law relating to privacy or data security, including—

“(I) the requirements of subchapter II of chapter 35 of title 44, United States Code, specifying security categorization under the Federal Information Processing Standards or any relevant successor of such standards;

“(II) security requirements that are consistent with the Federal agency responsibilities in section 3554 of title 44, United States Code, or any relevant successor of such responsibilities; and

“(III) security requirements, guidelines, and controls consistent with cybersecurity standards and best practices developed by the National Institute of Standards and Technology, including frameworks, consistent with section 2(c) of the National Institute of Standards and Technology Act (15 U.S.C. 272(c)), or any relevant successor of such frameworks;

“(v) follow Federal data minimization practices to ensure only the minimum amount of data is collected to meet the system’s goals, in accordance with Federal data minimization standards and guidelines developed by the National Institute of Standards and Technology; and

“(vi) provide notice to students outlining the data included in the system and how the data are used.

“(D) LIMITATION.—The data system developed under this subsection may only include data with respect to—

“(i) students receiving—

“(I) Federal financial assistance under title IV of this Act; or

“(II) assistance described in section 131(f)(4) administered, sponsored, or supported by the Department of Defense or the Department of Veterans Affairs; and

“(ii) participants in a program described in section 116(b)(3)(A)(ii) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3131(b)(3)(A)(ii)).

“(2) DATA ELEMENTS.—

“(A) IN GENERAL.—Not later than 3 years after the date of enactment of the College Cost Reduction Act, the Commissioner, in consultation with the Postsecondary Student Data System Advisory Committee and the Director, established under subparagraph (B), shall determine—

“(i) the data elements to be included in the postsecondary student data system, in accordance with subparagraphs (C) and (D); and

“(ii) how to include the data elements required under subparagraph (C), and any additional data elements selected under subparagraph (D), in the postsecondary student data system.

“(B) POSTSECONDARY STUDENT DATA SYSTEM ADVISORY COMMITTEE.—

“(i) ESTABLISHMENT.—Not later than 1 year after the date of enactment of the College Cost Reduction Act, the Commissioner, in consultation with the Director, shall establish a Postsecondary Student Data System Advisory Committee (referred to in this subsection as the ‘Advisory Committee’), whose members shall include—

“(I) the Chief Privacy Officer of the Department or an official of the Department delegated the duties of overseeing data privacy at the Department;

“(II) the Chief Security Officer of the Department or an official of the Department delegated the duties of overseeing data security at the Department;

“(III) representatives of diverse institutions of higher education, which shall include equal representation between 2-year and 4-year institutions of higher education, and from public, nonprofit, and proprietary institutions of higher education, including minority-serving institutions;

“(IV) representatives from State higher education agencies, entities, bodies, or boards;

“(V) representatives of postsecondary students;

“(VI) representatives from relevant Federal agencies;

“(VII) individuals with expertise in data privacy and security;

“(VIII) the individual within a State responsible for administering the statewide, longitudinal data system described in section 208 of the Education Sciences Reform Act of 2002 (20 U.S.C. 9607(a)); and

“(IX) other stakeholders (including individuals with consumer protection and postsecondary education research).

“(ii) REQUIREMENTS.—The Commissioner, working with the Director, shall ensure that the Advisory Committee—

“(I) adheres to all requirements under chapter 10 of title 5, United States Code (commonly known as the ‘Federal Advisory Committee Act’);

“(II) establishes operating and meeting procedures and guidelines necessary to execute its advisory duties; and

“(III) is provided with appropriate staffing and resources to execute its advisory duties.

“(C) REQUIRED DATA ELEMENTS.—The data elements in the postsecondary student data system shall include the following:

“(i) Student-level data elements necessary to calculate the information within the surveys designated by the Commissioner as ‘student-related surveys’ in the Integrated Postsecondary Education Data System (IPEDS), as such surveys are in effect on the day before the date of enactment of the College Cost Reduction Act, except that in the case that collection of such elements would conflict with the prohibition under subparagraph (F), such elements in conflict with such prohibition shall be included in the aggregate instead of at the student level.

“(ii) Student-level data elements reported by institutions in accordance with section 668.408 of title 34, Code of Federal Regulations, as in effect on July 1, 2024.

“(iii) Student-level data elements necessary to allow for reporting student enrollment, persistence, progression (including credit accumulation) retention, transfer, completion, and time and credits to credential measures for all credential levels separately (including certificate, associate, baccalaureate, and advanced degree levels), within and across institutions of higher education (including across all categories of institution level, control, and predominant degree awarded). The data elements shall allow for reporting about all such data disaggregated by the following categories:

“(I) Enrollment status as a first-time student, recent transfer student, or other nonfirst-time student.

“(II) Attendance intensity, whether full-time or part-time.

“(III) Credential-seeking status, by credential level (including noncredit-seeking and noncredit credentials).

“(IV) Race or ethnicity, in a manner that captures all the racial groups specified in the most recent American Community Survey of the Bureau of the Census.

“(V) Age intervals.

“(VI) Sex.

“(VII) Status as a first generation college student (as defined in section 402A(h)).

“(VIII) Economic status.

“(IX) Measures related to college readiness, including participation in postsecondary remedial coursework or gateway course completion.

“(X) Program of study.

“(XI) Status as an online education student, whether exclusively or partially enrolled in online education.

“(XII) Military or veteran benefit status (as determined based on receipt of veteran’s education benefits, as defined in section 480(c)).

“(XIII) Federal Pell Grant recipient status under section 401 and Federal loan recipient status under title IV.

“(XIV) Status as a participant in a program described in section 116(b)(3)(A)(ii) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3131(b)(3)(A)(ii)).

“(D) REEVALUATION.—Not less than once every 3 years after the implementation of the postsecondary student data system described in this subsection, the Commissioner, in consultation with the Advisory Committee described in subparagraph (B) and working with the Director, shall report to Congress the data elements included in the postsecondary student data system and recommend any additional data elements to be included in such system.

“(E) PROHIBITIONS.—The postsecondary student data system shall not include individual health data (including data relating to physical health or mental health), student discipline records or data, elementary and secondary education data, an exact address, course grades, postsecondary entrance examination results, political affiliation, religion, or any other data in the postsecondary student data system not described in this subsection.

“(3) PERIODIC MATCHING WITH OTHER FEDERAL DATA SYSTEMS.—

“(A) DATA SHARING AGREEMENTS.—

“(i) IN GENERAL.—The Commissioner, in consultation with the Director, shall ensure secure and privacy-protected periodic data matches by entering into data sharing agreements with each of the following Federal agencies and offices:

“(I) The Secretary of the Treasury and the Commissioner of the Internal Revenue Service, in order to calculate aggregate program- and institution-level earnings of postsecondary students described in subparagraph (B)(ii).

“(II) The Secretary of Defense, in order to assess the use of postsecondary educational benefits and the outcomes of servicemembers who are receiving veteran’s education benefits (as defined in section 480(c)).

“(III) The Secretary of Veterans Affairs, in order to assess the use of postsecondary educational benefits and outcomes of veterans who are receiving veteran’s education benefits (as defined in section 480(c)).

“(IV) The Director of the Bureau of the Census, in order to assess the employment outcomes of former postsecondary education students described in paragraph (1)(D).

“(V) The Chief Operating Officer of the Office of Federal Student Aid, in order to analyze the use of postsecondary educational benefits provided under this Act.

“(VI) The Commissioner of the Social Security Administration, in order to evaluate labor market outcomes of former postsecondary education students described in paragraph (1)(D).

“(VII) The Secretary of Health and Human Services, in order to evaluate the wages of former postsecondary education students described in paragraph (1)(D).

“(ii) DATA SHARING AGREEMENTS.—The heads of Federal agencies and offices described under clause (i) shall enter into data sharing agreements with the Commissioner to ensure secure and privacy-protected periodic data matches as described in this paragraph.

“(B) CATEGORIES OF DATA.—The Commissioner, in consultation with the Director, shall, at a minimum, seek to ensure that the secure and privacy-protected periodic data matches described in subparagraph (A) permit consistent reporting of the following categories of data for students described in paragraph (1)(D) who completed a program of study and who did not complete a program of study:

“(i) Enrollment, retention, transfer, and completion outcomes.

“(ii) Financial indicators for postsecondary students receiving Federal grants and loans, including grant and loan aid by source, cumulative student debt, loan repayment status, and repayment plan.

“(iii) Post-completion outcomes, including earnings and employment (including industry, occupation, and location of employment, and further education, by program of study and credential level) and as measured at time intervals appropriate to the credential sought and earned.

“(C) PERIODIC DATA MATCH STREAMLINING AND CONFIDENTIALITY.—

“(i) STREAMLINING.—In carrying out the secure and privacy-protected periodic data matches under this paragraph, the Commissioner shall—

“(I) ensure that such matches are not continuous, but occur only periodically at appropriate intervals, as determined by the Commissioner to meet the goals of subparagraph (A); and

“(II) seek to—

“(aa) streamline the data collection and reporting requirements for institutions of higher education;

“(bb) minimize duplicative reporting across or within Federal agencies or departments, including reporting requirements applicable to institutions of higher education under the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) and the Carl D. Perkins Career and Technical Education Act of 2006;

“(cc) protect student privacy; and

“(dd) streamline the application process for student loan benefit programs available to borrowers based on data available from different Federal data systems.

“(ii) REVIEW.—Not less often than once every 3 years after the establishment of the postsecondary student data system under this subsection, the Commissioner, in consultation with the Advisory Committee and the Director, shall review methods for streamlining data collection from institutions of higher education and minimizing duplicative reporting within the Department and across Federal agencies that provide data for the postsecondary student data system.

“(iii) CONFIDENTIALITY.—The Commissioner shall ensure that any periodic matching or sharing of data through periodic data system matches established in accordance with this paragraph—

“(I) complies with the security and privacy protections described in paragraph (1)(C)(iv) and other Federal data protection protocols;

“(II) follows industry best practices commensurate with the sensitivity of specific data elements or metrics;

“(III) does not result in the creation of a single standing, linked Federal database at the Department that maintains the information reported across other Federal agencies; and

“(IV) discloses to postsecondary students what data are included in the data system and periodically matched and how the data are used.

“(iv) CORRECTION.—The Commissioner, in consultation with the Advisory Committee and Director, shall establish a process for students to request access to only their personal information for inspection and request corrections to inaccuracies in a manner that protects the student’s personally identifiable information. The Commissioner shall respond in writing to every request for a correction from a student.

“(4) PUBLICLY AVAILABLE INFORMATION.—

“(A) IN GENERAL.—The Commissioner shall make the summary aggregate information described in subparagraph (C), at a minimum, publicly available through a user-friendly consumer information website and analytic tool for institutional and research use that—

“(i) provides appropriate mechanisms for users to customize and filter information by institutional and student characteristics;

“(ii) allows users to build summary aggregate reports of information, including reports that allow comparisons across multiple institutions and programs, subject to subparagraph (B);

“(iii) uses appropriate statistical disclosure limitation techniques necessary to ensure that the data released to the public cannot be used to identify specific individuals; and

“(iv) provides users with appropriate contextual factors to make comparisons, which may include national median figures of the summary aggregate information described in subparagraph (C).

“(B) NO PERSONALLY IDENTIFIABLE INFORMATION AVAILABLE.—The summary aggregate information described in this paragraph shall not include personally identifiable information.

“(C) SUMMARY AGGREGATE INFORMATION AVAILABLE.—The summary aggregate information described in this paragraph shall, at a minimum, include each of the following for each institution of higher education:

“(i) Measures of student access, including—

“(I) admissions selectivity and yield; and

“(II) enrollment, disaggregated by each category described in paragraph (2)(C)(iii).

“(ii) Measures of student progression, including retention rates and persistence rates, disaggregated by each category described in paragraph (2)(C)(iii).

“(iii) Measures of student completion, including—

“(I) transfer rates and outcomes, completion rates, and time and credits to credential, disaggregated by each category described in paragraph (2)(C)(iii); and

“(II) number of completions, disaggregated by each category described in paragraph (2)(C)(iii).

“(iv) Measures of student costs, including—

“(I) tuition, required fees, cost of attendance, grants and scholarships, net price, and unmet need disaggregated by in-State tuition or in-district tuition status (if applicable), direct and indirect costs, program of study (if applicable), and credential level; and

“(II) typical grant amounts and loan amounts received by students reported separately from Federal, State, local, institutional, employers, and other sources, and cumulative debt, disaggregated by—

“(aa) each category described in paragraph (2)(C)(iii); and

“(bb) completion status.

“(v) Measures of postcollegiate student outcomes, including return on investment, employment rates, earnings, loan repayment and default rates, and further education rates. These measures shall—

“(I) be disaggregated by—

“(aa) each category described in paragraph (2)(C)(iii); and

“(bb) completion status; and

“(II) be measured immediately after leaving postsecondary education and at time intervals appropriate to the credential sought or earned.

“(D) DEVELOPMENT CRITERIA.—In developing the method and format of making the information described in this paragraph publicly available, the Commissioner shall—

“(i) focus on the needs of the users of the information, which will include students, families of students, potential students, researchers, and other consumers of education data;

“(ii) take into consideration, to the extent practicable, the guidelines described in paragraph (1)(C)(ii)(I), and relevant successor documents or recommendations of such guidelines;

“(iii) use modern, relevant technology and enhance and update the postsecondary student data system with information, as necessary to carry out the purpose of this paragraph;

“(iv) ensure data privacy and security in accordance with standards and guidelines developed by the National Institute of Standards and Technology, and in accordance with any other Federal law relating to privacy or security, including complying with the requirements of subchapter II of chapter 35 of title 44, United States Code, specifying security categorization under the Federal Information Processing Standards, and security requirements, and setting of National Institute of Standards and Technology security baseline controls at the appropriate level; and

“(v) conduct consumer testing to determine how to make the information as meaningful to users as possible.

“(5) PERMISSIBLE DISCLOSURES OF DATA.—

“(A) DATA REPORTS AND QUERIES.—

“(i) IN GENERAL.—Not later than 3 years after the date of enactment of the College Cost Reduction Act, the Commissioner in consultation with the Director, shall develop and implement a secure and privacy-protected process for making student-level, nonpersonally identifiable information, with direct identifiers removed, from the postsecondary student data system available for vetted research and evaluation purposes approved by the Commissioner in a manner compatible with practices for disclosing National Center for Education Statistics restricted-use survey data as in effect on the day before the date of enactment of the College Cost Reduction Act, or by applying other research and disclosure restrictions to ensure data privacy and security. Such process shall be approved by the National Center for Education Statistics’ Disclosure Review Board (or successor body).

“(ii) PROVIDING DATA REPORTS AND QUERIES TO INSTITUTIONS AND STATES.—

“(I) IN GENERAL.—The Commissioner shall provide feedback reports, at least annually, to each institution of higher education, each postsecondary education system that fully participates in the postsecondary student data system, and each State higher education body as designated by the governor.

“(II) FEEDBACK REPORTS.—The feedback reports provided under this clause shall include program-level and institution-level information from the postsecondary student data system regarding students who are associated with the institution or, for State representatives, the institutions within that State, on or before the date of the report, on measures including student mobility (including transfer and completion rates) and workforce outcomes, provided that the feedback aggregate summary reports protect the privacy of individuals.

“(III) DETERMINATION OF CONTENT.—The content of the feedback reports shall be determined by the Commissioner in consultation with the Advisory Committee and the Director.

“(iii) PERMITTING STATE DATA QUERIES.—The Commissioner shall, in consultation with the Advisory Committee and as soon as practicable, create a process through which States may submit lists of secondary school graduates within the State to receive summary aggregate outcomes for those students who enrolled at an institution of higher education, including postsecondary enrollment, retention and transfer, and college completion, provided that those data protect the privacy of individuals and that the State data submitted to the Commissioner are not stored in the postsecondary education system.

“(iv) REGULATIONS.—The Commissioner shall promulgate regulations to ensure fair, secure and privacy-protected, and equitable access to data reports and queries under this paragraph.

“(B) DISCLOSURE LIMITATIONS.—In carrying out the public reporting and disclosure requirements of this subsection, the Commissioner shall use appropriate statistical disclosure limitation techniques necessary to ensure that the data released to the public cannot include personally identifiable information or be used to identify specific individuals.

“(C) SALE OF DATA PROHIBITED.—Data collected under this subsection, including the public-use data set and data comprising the summary aggregate information available under paragraph (4), shall not be sold to any third party by the Commissioner, including any institution of higher education or any other entity.

“(D) LIMITATION ON USE BY OTHER FEDERAL AGENCIES.—

“(i) IN GENERAL.—The Commissioner shall not allow any other Federal agency to use data collected under this subsection for any purpose except—

“(I) for vetted research and evaluation conducted by the other Federal agency, as described in subparagraph (A)(i); or

“(II) for a purpose explicitly authorized by an Act of Congress.

“(ii) PROHIBITION ON LIMITATION OF SERVICES.—The Secretary, or the head of any other Federal agency, shall not use data collected under this subsection to limit services to students.

“(E) LAW ENFORCEMENT.—Personally identifiable information collected under this subsection shall not be used for any Federal, State, or local law enforcement activity or any other activity that would result in adverse action against any student or a student’s family.

“(F) LIMITATION OF USE FOR FEDERAL RANKINGS OR SUMMATIVE RATING SYSTEM.—The comprehensive data collection and analysis necessary for the postsecondary student data system under this subsection shall not be used by the Secretary or any Federal entity to establish any Federal ranking system of institutions of higher education or a system that results in a summative Federal rating of institutions of higher education.

“(G) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to prevent the use of individual categories of aggregate information to be used for accountability purposes.

“(H) RULE OF CONSTRUCTION REGARDING COMMERCIAL USE OF DATA.—Nothing in this paragraph shall be construed to prohibit third-party entities from using publicly available information in this data system for commercial use.

“(6) SUBMISSION OF DATA.—

“(A) REQUIRED SUBMISSION.—Each institution of higher education participating in a program under title IV, or the assigned agent of such institution, shall, for each instructional program, and in accordance with section 487(a)(17), collect, and submit to the Commissioner, the data requested by the Commissioner to carry out this subsection.

“(B) VOLUNTARY SUBMISSION.—Any institution of higher education not participating in a program under title IV may voluntarily participate in the postsecondary student data system under this subsection by collecting and submitting data to the Commissioner, as the Commissioner may request to carry out this subsection.

“(C) PERSONALLY IDENTIFIABLE INFORMATION.—In accordance with paragraph (2)(C)(i), if the submission of an element of student-level data is prohibited under paragraph (2)(F) (or otherwise prohibited by law), the institution of higher education shall submit that data to the Commissioner in the aggregate.

“(7) UNLAWFUL WILLFUL DISCLOSURE.—

“(A) IN GENERAL.—It shall be unlawful for any person who obtains or has access to personally identifiable information in connection with the postsecondary student data system described in this subsection to willfully disclose to any person (except as authorized in this Act or by any Federal law) such personally identifiable information.

“(B) PENALTY.—Any person who violates subparagraph (A) shall be subject to a penalty described under section 3572(f) of title 44, United States Code, and section 183(d)(6) of the Education Sciences Reform Act of 2002 (20 U.S.C. 9573(d)(6)).

“(C) EMPLOYEE OF OFFICER OF THE UNITED STATES.—If a violation of subparagraph (A) is committed by any officer or employee of the United States, the officer or employee shall be dismissed from office or discharged from employment upon conviction for the violation.

“(8) DATA SECURITY.—The Commissioner shall produce and update as needed guidance and regulations relating to privacy, security, and access which shall govern the use and disclosure of data collected in connection with the activities authorized in this subsection. The guidance and regulations developed and reviewed shall protect data from unauthorized access, use, and disclosure, and shall include—

“(A) an audit capability, including mandatory and regularly conducted audits;

“(B) access controls;

“(C) requirements to ensure sufficient data security, quality, validity, and reliability;

“(D) confidentiality protection in accordance with the applicable provisions of subchapter III of chapter 35 of title 44, United States Code;

“(E) appropriate and applicable privacy and security protection, including data retention and destruction protocols and data minimization, in accordance with the most recent Federal standards developed by the National Institute of Standards and Technology; and

“(F) protocols for managing a breach, including breach notifications, in accordance with the standards of National Center for Education Statistics.

“(9) DATA COLLECTION.—The Commissioner shall ensure that data collection, maintenance, and use under this subsection complies with section 552a of title 5, United States Code.

“(10) DEFINITIONS.—In this subsection:

“(A) INSTITUTION OF HIGHER EDUCATION.—The term ‘institution of higher education’ has the meaning given the term in section 102.

“(B) MINORITY-SERVING INSTITUTION.—The term ‘minority-serving institution’ means an institution of higher education listed in section 371(a).

“(C) PERSONALLY IDENTIFIABLE INFORMATION.—The term ‘personally identifiable information’ means personally identifiable information within the meaning of section 444 of the General Education Provisions Act.”.

SEC. 114. DATABASE OF STUDENT INFORMATION PROHIBITED.

(a) IN GENERAL.—Section 134(b) of the Higher Education Act of 1965 (20 U.S.C. 1015c(b)) is amended to read as follows:

“(b) EXCEPTION.—The provisions of subsection (a) shall not apply to a system (or a successor system)—

“(1) that—

“(A) is necessary for the operation of programs authorized by title II, IV, or VII; and

“(B) was in use by the Secretary, directly or through a contractor, as of the day before the date of enactment of the College Cost Reduction Act; or

“(2) required under section 132.”.

(b) PROGRAM PARTICIPATION AGREEMENTS.—

(1) IN GENERAL.—Paragraph (17) of section 487(a) of the Higher Education Act of 1965 (20 U.S.C. 1094(a)) is amended to read as follows:

“(17) The institution or the assigned agent of the institution will collect and submit to the Commissioner for Education Statistics data in accordance with section 132(f), the non-student related surveys within the Integrated Postsecondary Education Data System (IPEDS), or any other Federal institution of higher education data collection effort (as designated by the Secretary), in a timely manner and to the satisfaction of the Secretary.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect no later than 3 years after the date of enactment of this Act.

(c) REPORTING BURDEN.—The Secretary of Education and the Commissioner for Education Statistics shall take such steps as are necessary to ensure that the development and maintenance of the postsecondary student data system required under section 132(f) of the Higher Education Act of 1965, as added by section 113 of this Act, occurs in a manner that, to the extent practicable, reduces the reporting burden for entities that reported into the Integrated Postsecondary Education Data System (IPEDS).

TITLE II—ACCESS AND AFFORDABILITY

PART A—FINANCIAL NEED

SEC. 201. AMOUNT OF NEED; COST OF ATTENDANCE; MEDIAN COST OF COLLEGE.

(a) AMOUNT OF NEED.—Section 471 (20 U.S.C. 1087kk), as amended by the FAFSA Simplification Act, is further amended by amending paragraph (1) to read as follows:

“(1)(A) for award year 2024–2025, the cost of attendance of such student; and

“(B) for award year 2025–2026 and each subsequent award year, the median cost of college of the program of study of such student, minus”.

(b) COST OF ATTENDANCE.—Section 472(c) (20 U.S.C. 1087ll(c)), as amended by the FAFSA Simplification Act, is further amended by striking “of the institution” and inserting “of each program of study at the institution”.

(c) MEDIAN COST OF COLLEGE.—Part F of title IV (20 U.S.C. 1087kk), as amended by the FAFSA Simplification Act, is further amended by inserting after section 472, as amended by subsection (b), the following:

“SEC. 472A. DETERMINATION OF MEDIAN COST OF COLLEGE.

“For the purpose of this title, the term ‘median cost of college’, when used with respect to a program of study offered by one or more institutions of higher education for an award year, means the median of the cost of attendance (as defined in section 472) for the program of study across all institutions of higher education offering such a program for the preceding award year.”.

(d) EXEMPTION OF CERTAIN ASSETS.—

(1) IN GENERAL.—Section 480(f)(2) of the Higher Education Act of 1965, as amended by the FAFSA Simplification Act, is further amended—

(A) by striking “net value of the” and inserting the following: “the net value of—

“(A) the”;

(B) by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

- “(B) a family farm on which the family resides; or
- “(C) a small business with not more than 100 full-time or full-time equivalent employees (or any part of such a small business) that is owned and controlled by the family.”.
- (2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect for award year 2025–2026 and each subsequent award year.

PART B—FINANCIAL AID

Subpart 1—Grants

SEC. 211. FEDERAL PELL GRANT PROGRAM.

Section 401(b)(3) (20 U.S.C. 1070a(b)(3)), as amended by the FAFSA Simplification Act, is further amended to read as follows:

“(3) AWARD MAY NOT EXCEED MEDIAN COST OF COLLEGE.—With respect to award year 2025–2026 and each succeeding award year, no Federal Pell Grant under this subpart shall exceed the median cost of college (as defined in section 472A) for the program at which that student is in attendance. If, with respect to any student, it is determined that the amount of a Federal Pell Grant for that student exceeds the median cost of college for such program for that year, the amount of the Federal Pell Grant shall be reduced until the Federal Pell Grant does not exceed the median cost of college for such program for that year.”.

SEC. 212. CAMPUS-BASED AID PROGRAMS.

(a) TERMINATION OF CERTAIN PROGRAMS.—Notwithstanding subparts 3 and 4 of part A, or part C, of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), or any other provision of law, except as expressly authorized by an Act of Congress enacted after the date of enactment of this Act, beginning on October 1, 2026, no funds are authorized to be appropriated, or may be expended, under this Act or any other Act to make payments to States for the Leveraging Educational Assistance Partnership Program under subpart 4 of part A of title IV (20 U.S.C. 1070c et seq.), and the authority of the Secretary to carry out such program shall be terminated.

(b) PROMISE GRANTS.—Subpart 4 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070c et seq.) is amended to read as follows:

“Subpart 4—Promoting Real Opportunities to Maximize Investments and Savings in Education

“SEC. 415A. PURPOSE.

“It is the purpose of this subpart to provide performance-based grants to—

- “(1) assist institutions in providing certainty to students and families about postsecondary affordability;
- “(2) increase postsecondary access and economic mobility; and
- “(3) ensure that students, institutions, and taxpayers receive a financial return for investments in postsecondary education.

“SEC. 415B. PROMISE GRANTS.

“For award year 2026–2027 and each succeeding award year, from reserved funds remitted to the Secretary in accordance with section 454(d) and additional funds authorized under section 415E, as necessary, the Secretary shall award PROMISE grants to eligible institutions to carry out the purpose of this subpart. PROMISE grants awarded under this subpart shall be performance-based and shall be awarded to each eligible institution for a 6-year period in an amount that is determined in accordance with section 415D.

“SEC. 415C. ELIGIBLE INSTITUTIONS; APPLICATION.

“(a) ELIGIBLE INSTITUTION.—To be eligible for a PROMISE grant under this subpart, an institution shall—

- “(1) be an institution of higher education under section 102, except that an institution described in section 102(a)(1)(C) shall not be an eligible institution under this subpart; and
- “(2) meet the maximum total price guarantee requirements under subsection (c).

“(b) APPLICATION.—An eligible institution seeking a PROMISE grant under this subpart (including a renewal of such a grant) shall submit to the Secretary an appli-

cation, at such time as the Secretary may require, that contains the information required in this subsection. Such application shall—

“(1) demonstrate that the institution—

“(A) meets the maximum total price guarantee requirements under subsection (c); and

“(B) will continue to meet the maximum total price guarantee requirements for each award year during the grant period with respect to students first enrolling at the institution for each such award year;

“(2) describe how grant funds awarded under this subpart will be used by the institution to carry out the purposes of this Act, including activities related to—

“(A) postsecondary affordability, including—

“(i) the expansion and continuation of the maximum total price guarantee requirements under subsection (c); and

“(ii) any other activities to be carried out by the institution to increase postsecondary affordability and minimize the total net price required for completion (as defined in section 132(a)) paid by students receiving need-based student aid;

“(B) postsecondary access, which may include—

“(i) the activities described in section 485E of this Act; and

“(ii) any other activities to be carried out by the institution to increase postsecondary access and expand opportunities for low- and middle-income students; and

“(C) postsecondary student success, which may include—

“(i) activities to improve completion rates and reduce time to credential, including the activities described in section 741 of this Act, as amended by the College Cost Reduction Act;

“(ii) activities to align programs of study with the needs of employers, including with respect to in-demand industry sectors or occupations (as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102)); and

“(iii) any other activities to be carried out by the institution to increase value-added earnings and postsecondary student success;

“(3) describe—

“(A) how the institution will evaluate the effectiveness of the institution’s use of grant funds awarded under this subpart; and

“(B) how the institution will collect and disseminate information on promising practices developed with the use of such grant funds; and

“(4) in the case of an institution that has previously received a grant under this subpart, contain the evaluation required under paragraph (3) for each previous grant.

“(c) MAXIMUM TOTAL PRICE GUARANTEE REQUIREMENTS.—As a condition of eligibility for a PROMISE grant under this subpart, an institution shall—

“(1) for each award year beginning after the date of enactment of the College Cost Reduction Act, not later than one year before the start of each such award year (except that, for the first award year beginning after such date of enactment, the institution shall meet these requirements as soon as practicable such date of enactment)—

“(A) determine the maximum total price for completion, in accordance with subsection (e), for each program of study at the institution—

“(i) applicable to students in each income category described in section 132(c)(2)(A)(i); and

“(ii) applicable to students in each student aid index category determined by the Secretary in accordance with section 132(c)(2)(A)(ii); and

“(B) publish such information on the institution’s website and in the institution’s catalog, marketing materials, or other official publications;

“(2) for the award year for which the institution is applying for a PROMISE grant, and at least one award year preceding such award year, provide to each student who first enrolls, or plans to enroll, in the institution during the award year and who receives Federal financial aid under this title a maximum total price guarantee, in accordance with this section, for the minimum guarantee period applicable to the student; and

“(3) provide to the Secretary an assurance that the institution will continue to meet each of the maximum total price guarantee requirements under this subsection for students who first enroll, or plan to enroll, in the institution during each award year included in the grant period.

“(d) DURATION OF MINIMUM GUARANTEE PERIOD.—

“(1) IN GENERAL.—The minimum period during which a student shall be provided a guarantee under subsection (c) with respect to the maximum total price for completion of a program of study at an institution shall be the median time

to credential of students who completed any undergraduate program of study at the institution during the most recent award year for which data are available, except that such minimum guarantee period shall not be less than the program length of the program of study in which the student is enrolled.

“(2) LIMITATION.—An institution shall not be required to provide a maximum total price guarantee under subsection (c) to a student after the conclusion of the 6-year period beginning on the first day on which the student enrolled at such institution.

“(e) DETERMINATION OF MAXIMUM TOTAL PRICE FOR COMPLETION.—

“(1) IN GENERAL.—For the purposes of subsection (c), an institution shall determine, prior to the first award year in which a student enrolls at the institution, the maximum total price that may be charged to the student for completion of a program of study at the institution for the minimum guarantee period applicable to a student, before application of any Federal Pell Grants or other Federal financial aid under this title. Such a maximum total price for completion shall be determined for students in each income category and student aid index category (as determined in accordance with section 132(c)(2)(A)). In determining the maximum total price for completion to be charged to each such category of students, the institution may consider the ability of a category of students to pay tuition and fees (including the required costs described in section 124(b)(3)(A)(i)(I)), but may not include in such consideration any Federal Pell Grants or other Federal financial aid awards that may be available to such category of students under this title.

“(2) MULTIPLE MAXIMUM TOTAL PRICE GUARANTEES.—In the event that a student receives more than one maximum total price guarantee because the student is included in more than one category of students for which the institution determines a maximum total price guarantee amount for the purposes of subsection (c), the maximum total price guarantee applicable to such student for the purposes of this section shall be equal to the lowest such guarantee amount.

“SEC. 415D. GRANT AMOUNTS; FLEXIBLE USE OF FUNDS.

“(a) GRANT AMOUNT FORMULA.—

“(1) FORMULA.—Subject to subsection (b), the amount of a PROMISE grant for an eligible institution for each year of the grant period shall be determined by the Secretary annually and shall be equal to—

“(A) the amount determined by multiplying—

“(i) the lesser of—

“(I) the difference determined by subtracting one from the quotient of—

“(aa) the average, for the 3 most recent award years for which data are available, of the median value-added earnings (as defined in section 103) for each such award year of students who completed any program of study of the institution; divided by

“(bb) the average for the 3 most recent award years, of the maximum total price applicable for each such award year to students enrolled in the institution in any program of study who received financial aid under this title; or

“(II) the number two;

“(ii) the average, for the 3 most recent award years, of the total dollar amount of Federal Pell Grants awarded to students enrolled in the institution in each such award year; and

“(iii) the average, for the 3 most recent award years, of the percentage of low-income students who received Federal financial assistance under this title who were enrolled in the institution in each such award year who—

“(I) completed a program of study at the institution within 100 percent of the program length of such program; or

“(II) only in the case of a two-year institution or a less than two-year institution—

“(aa) transfer to a four-year institution; and

“(bb) within 4 years after first enrolling at the two-year or less than two-year institution, complete a program of study at the four-year institution for which a bachelor's degree (or substantially similar credential) is awarded; minus

“(B) the sum of—

“(i) the amount allocated to the institution under part C of title IV for the most recent fiscal year; and

“(ii) the amount allocated to the institution under subpart 3 of part A of title IV for the most recent fiscal year.

“(2) DEFINITION OF LOW-INCOME.—In this section, the term ‘low-income’, when used with respect to a student, means that the student’s family income does not exceed the maximum income in the lowest income category described in section 132(c)(2)(A)(i).

“(b) MAXIMUM GRANT AMOUNT.—Notwithstanding subsection (a), the maximum amount an eligible institution may receive annually for a grant under this subpart shall be the amount equal to—

“(1) the average, for the 3 most recent award years, of the number of students enrolled in the institution in an award year who receive Federal financial aid under this title; multiplied by

“(2) \$5,000.

“(c) FLEXIBLE USE OF FUNDS.—A PROMISE grant awarded under this subpart shall be used by an eligible institution to carry out the purposes of this subpart, including—

“(1) carrying out activities included in the institution’s application for such grant related to postsecondary affordability, access, and student success; and

“(2) evaluating the effectiveness of the activities carried out with such grant in accordance with section 415C(b)(3)(A); and

“(3) collecting and disseminating promising practices related to the activities carried out with such grant, in accordance with section 415C(b)(3)(B).

“(d) TRANSFER AUTHORITY.—In order to offer an arrangement of types of aid which best fit the needs of each individual student, an institution may transfer up to 100 percent of the institution’s allotment under subpart 3 of this part or part C of this title (or both) to the institution’s allotment under this section. Funds transferred to an institution’s allotment under this section may be used as a part of and for the same purposes as funds allotted under this subpart. The Secretary shall have no control over such transfer, except as specifically authorized, except for the collection and dissemination of information.

“SEC. 415E. AUTHORIZATION OF APPROPRIATIONS.

“(a) USED OF RESERVED FUNDS.—

“(1) PRIMARY FUNDS.—To carry out this subpart, there shall be available to the Secretary any funds remitted to the Secretary as reimbursements in accordance with section 454(d) for any award year; and

“(2) SECONDARY FUNDS.—Beginning award year 2026–2027, if the amounts made available to the Secretary under paragraph (1) to carry out this subpart in any award year are insufficient to fully fund the PROMISE grants awarded under this subpart in such award year, there shall be available to the Secretary, in addition to such amounts, any funds returned to the Secretary under section 484B in the previous award year.

“(b) INSUFFICIENT FUNDS.—If the amounts made available to the Secretary under subsection (a) to carry out this subpart for are not sufficient to provide grants to all eligible institutions in the amount determined under this subpart for an award year, the Secretary shall first provide grants to the eligible institutions that have the highest percentage of students who are low-income students (as defined in section 415D).”.

(c) INSTITUTIONAL REFUNDS.—Section 484B of the Higher Education Act of 1965 (20 U.S.C. 1091b) is amended by adding at the end the following:

“(f) RESERVATION OF FUNDS FOR PROMISE GRANTS.—Notwithstanding any other provision of law, the Secretary shall reserve the funds returned to the Secretary under this section for 1 year after the return of such funds for the purpose of awarding PROMISE grants in accordance with subpart 4 of part A of this title.”.

Subpart 2—Loans

SEC. 221. LOAN LIMITS.

(a) STAFFORD LOANS.—

(1) AGGREGATE AND ANNUAL LIMITS FOR GRADUATE AND PROFESSIONAL STUDENTS.—Section 455(a) (20 U.S.C. 1087e(a)) is amended—

(A) in paragraph (3)—

(i) in subparagraph (A)(ii), by inserting before the period at the end the following: “, except that for any period of instruction beginning on or after July 1, 2025, such maximum annual amount shall be determined in accordance with subparagraph (C)”;

(ii) in subparagraph (B), by inserting before the period at the end the following: “for any period of instruction through June 30, 2025”; and

(iii) by adding at the end the following:

“(C) ANNUAL LIMITS.—Notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2025, the maximum annual amount of Federal Direct Unsubsidized Stafford loans that a graduate or professional student may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be median cost of college (as defined in section 472A) of the program of study in which the student is enrolled, except that the sum of such annual loan amount and other financial assistance (as defined in section 480(i)) that the student receives for such academic year may not exceed the cost of attendance of such student.

“(D) AGGREGATE LIMITS.—Notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2025, the maximum aggregate amount of Federal Direct Unsubsidized Stafford loans that—

“(i) a graduate student may borrow shall be \$100,000; and

“(ii) a professional student may borrow shall be \$150,000.

“(E) EXCEPTION FOR CERTAIN STUDENTS.—

“(i) IN GENERAL.—The provisions listed in clause (ii) shall not apply with respect to any individual who, as of June 30, 2025, is enrolled in a program of study at an institution of higher education, and has received a loan (or on whose behalf a loan was made) under this part for such program, during the individual’s expected time to completion of such program, as determined by calculating by the difference between—

“(I) the program length for the program of study in which such individual is enrolled; and

“(II) the period of such program that such individual has completed,

except that such expected time to completion may not exceed 3 years.

“(ii) PROVISIONS.—An individual described in clause (i) shall not be subject to subparagraphs (C) and (D) of this paragraph, or paragraph (4) or (6).”.

(2) ANNUAL LIMITS FOR UNDERGRADUATE BORROWERS.—Section 455(a) (20 U.S.C. 1087e(a)) is further amended by adding at the end the following:

“(4) ANNUAL AND AGGREGATE LOAN LIMITS FOR UNDERGRADUATE AND ALL BORROWERS.—

“(A) UNDERGRADUATE STUDENTS.—

“(i) ANNUAL LOAN LIMITS.—

“(I) SUBSIDIZED LOANS.—Notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2025, the maximum annual amount of Federal Direct Stafford loans that an undergraduate student may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the difference between—

“(aa) the median cost of college (as defined in section 472A) of the program of study in which the student is enrolled; and

“(bb) the Federal Pell Grant under section 401 awarded to the student for such academic year;

except that (1) the amount of such Federal Direct Stafford loans awarded to the student for such academic year may not exceed the maximum annual limit described in section 428(b)(1) that is applicable to such student; and (2) the sum of such Federal Direct Stafford Loans and the amount of such Federal Pell Grant and other financial assistance (as defined in section 480(i)) that the student receives for such academic year may not exceed the cost of attendance of such student.

“(II) UNSUBSIDIZED LOANS.—Notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2025, the maximum annual amount of Federal Direct Unsubsidized Stafford loans that an undergraduate student may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the difference between—

“(aa) the median cost of college (as defined in section 472A) of the program of study in which the student is enrolled; and

“(bb) the sum of—

“(AA) the amount of Federal Direct Stafford loans awarded to such student for such academic year; and

“(BB) the amount of the Federal Pell Grant under section 401 awarded to the student for such academic year,

except that the sum of all Federal financial aid under this title and other financial assistance (as defined in section 480(i)) that such student receives for such academic year may not exceed the cost of attendance for such student.

“(ii) AGGREGATE LIMITS.—Notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2025, with respect to an undergraduate student—

“(I) the maximum aggregate amount of Federal Direct Stafford loans and Federal Direct Unsubsidized Stafford loans that may be borrowed shall be \$50,000;

“(II) the maximum aggregate amount of Federal Direct Stafford loans that may be borrowed shall be \$23,000; and

“(III) the maximum aggregate amount of Federal Direct Unsubsidized Stafford loans that may be borrowed shall be \$50,000.

“(B) STUDENTS IN A QUALIFYING UNDERGRADUATE PROGRAM.—

“(i) AGGREGATE LIMITS.—Notwithstanding the aggregate limits described in subparagraph (A)(ii), a student enrolled in a qualifying undergraduate program shall be subject to the aggregate limits for professional students described in paragraph (3)(D)(ii).

“(ii) QUALIFYING UNDERGRADUATE PROGRAM DEFINED.—For purposes of this subparagraph, the term ‘qualifying undergraduate program’ means a program of study—

“(I) for which the total tuition and fees (including the required costs described in section 124(b)(3)(A)(i)(I)) exceeds the aggregate limits for undergraduate students described in subparagraph (A)(ii);

“(II) that meets certification requirements of the Federal agency that directly regulates the program and provides final licensing and credentials to students upon completion; and

“(III) the institution of higher education offering such program of study notifies the Secretary that the program desires to be a qualifying undergraduate program.

“(C) ALL STUDENTS.—The maximum aggregate amount of loans made, insured, or guaranteed under this title to a student shall be \$200,000.”

(3) INSTITUTIONALLY DETERMINED LIMITS.—Section 455(a) of the Higher Education Act of 1965 (20 U.S.C. 1087e(a)) is further amended by adding at the end the following:

“(5) INSTITUTIONALLY DETERMINED LIMITS.—

“(A) IN GENERAL.—Notwithstanding any other provision of this subsection, an eligible institution (at the discretion of a financial aid administrator at the institution) may prorate or limit the amount of a loan any student who is enrolled in a program of study for a period of instruction beginning on or after July 1, 2024, at that institution, may borrow under this part for an academic year—

“(i) if the institution can reasonably demonstrate that outstanding amounts owed of loans made under this title are or would be excessive for students who complete such program, based on the most recently available data from the College Scorecard (or successor website of the Department) on—

“(I) the median of the value-added earnings of students who complete such program; and

“(II) the median debt owed, and the repayment rate, on loans made under this part, of such students;

“(ii) in a case in which the student is enrolled on a less than full-time basis or the student is enrolled for less than the period of enrollment to which the annual loan limit applies under this subsection, based on the student’s enrollment status; or

“(iii) based on the year of the program for which the student is seeking such loan.

“(B) APPLICATION TO ALL STUDENTS.—Any proration or limiting of loan amounts under subparagraph (A) shall be applied in the same manner to all students enrolled in a program of study.

“(C) INCREASES FOR INDIVIDUAL STUDENTS.—Upon the request of a student whose loan amount for an academic year has been prorated or limited under subparagraph (A), an eligible institution (at the discretion of the financial aid administrator at the institution) may increase such loan amount to an amount not exceeding the annual loan amount applicable to such student under this paragraph for such academic year.”

(b) TERMINATION OF AUTHORITY TO MAKE FEDERAL DIRECT PLUS LOANS TO ANY STUDENT OR PARENT BORROWER.—Section 455(a) of the Higher Education Act of 1965 (20 U.S.C. 1087e(a)) is amended by adding at the end the following:

“(6) TERMINATION OF AUTHORITY TO MAKE FEDERAL DIRECT PLUS LOANS.—Notwithstanding any provision of this part or part B, except as provided in paragraph (3)(E), for any period of instruction beginning on or after July 1, 2025, no Federal Direct PLUS loans may be made to any parent borrower or graduate or professional student borrower.”.

SEC. 222. LOAN REPAYMENT.

(a) REPAYMENT PLANS.—Section 455(d) of the Higher Education Act of 1965 (20 U.S.C. 1087e(d)) is amended—

(1) in paragraph (1)(D) by inserting “(including a repayment assistance plan under section 455(e)(9))” after “an income contingent repayment plan”; and

(2) by adding at the end the following:

“(6) REPAYMENT PLANS FOR LOANS MADE ON OR AFTER JULY 1, 2024.—

“(A) DESIGN AND SELECTION.—Notwithstanding paragraph (1), beginning on July 1, 2024, the Secretary shall offer a borrower of a loan made under this part on or after July 1, 2024, two plans for repayment of such loan, including principal and interest on the loan. The borrower shall be entitled to accelerate, without penalty, repayment on such loans. The borrower may choose—

“(i) a standard repayment plan with a fixed monthly repayment amount paid over a fixed period of time, not to exceed 10 years; or

“(ii) a repayment assistance plan under section 455(e)(9).

“(B) SELECTION BY SECRETARY.—If such borrower does not select a repayment plan described in subparagraph (A), the Secretary shall provide the borrower with the repayment plan described in subparagraph (A)(i).

“(C) CHANGES IN SELECTION.—

“(i) IN GENERAL.—Subject to clause (ii), a borrower may change the borrower’s selection of a repayment plan under subparagraph (A), or the Secretary’s selection of a plan for the borrower under subparagraph (B), as the case may be. Nothing in this subsection shall prohibit the Secretary from encouraging distressed borrowers from enrolling in the repayment assistance plan under section 455(e)(9).

“(ii) SAME REPAYMENT PLAN REQUIRED.—All loans made under this part on or after July 1, 2024, to a borrower shall be repaid under the same repayment plan under subparagraph (A), except that the borrower may repay an excepted PLUS loan or an excepted consolidation loan (as such terms are defined in section 455(e)(9)) separately from other loans made under this part to the borrower.

“(D) REPAYMENT AFTER DEFAULT.—The Secretary may require a borrower who has defaulted on a loan made under this part to—

“(i) pay all reasonable collection costs associated with such loan; and

“(ii) repay the loan pursuant to the repayment assistance plan under section 455(e)(9).

“(E) PROHIBITIONS.—The Secretary may not—

“(i) authorize a borrower of a loan made under this part on or after July 1, 2024, to repay such loan pursuant to a repayment plan that is not described in clause (i) or (ii) of subparagraph (A); or

“(ii) carry out or modify a repayment plan for any loan made under this part on or after July 1, 2024, that is not described in such clause (i) or (ii).”.

(b) REPAYMENT ASSISTANCE PLAN.—Section 455(e) of the Higher Education Act of 1965 (20 U.S.C. 1087e(e)) is amended by adding at the end the following:

“(9) REPAYMENT ASSISTANCE PLAN.—

“(A) IN GENERAL.—Notwithstanding any other provision of this Act, beginning on July 1, 2024, the Secretary shall carry out a repayment assistance program that shall have the terms and conditions of an income-contingent repayment plan described in paragraphs (1) through (8), except that—

“(i) a borrower of any loan made under this part (other than an excepted PLUS loan or excepted consolidation loan), may elect to have the borrower’s aggregate monthly payment for all such loans not exceed the applicable monthly payment for the borrower, except that a borrower may not be precluded from repaying an amount that exceeds such applicable monthly payment for any month;

“(ii) the Secretary shall apply the borrower’s monthly payment under this paragraph first toward interest due on such a loan, next toward any fees due on the loan, and then toward the principal of the loan;

“(iii) any principal due and not paid under clause (ii) shall be deferred;

“(iv) the amount of time the borrower makes monthly payments under clause (i) may exceed 10 years;

“(v) notwithstanding paragraph (7), the Secretary shall repay or cancel any outstanding balance of principal and interest due on all loans made under this part (other than excepted PLUS loans or excepted consolidation loans) to a borrower—

“(I) who, at any time, elected to participate in a repayment assistance plan under clause (i);

“(II) whose final monthly payment for such loans prior to the loan cancellation under this clause was made under such repayment assistance plan; and

“(III) who has repaid on such loans (pursuant to a repayment assistance plan under clause (i), a standard repayment plan under subsection (d)(6)(A)(i), or a combination of any such plan or any of the repayment plans listed in clause (ii), (iii), (iv), or (v) of paragraph (7)(B), or, in the case of a consolidation loan, pursuant to a repayment schedule described item (aa)(BB) of this subclause) an amount that is equal to—

“(aa)(AA) the total amount of principal and interest that the borrower would have repaid under a standard repayment plan under paragraph (1)(A) or (6)(A)(i) of subsection (d), based on a 10-year repayment period, when the borrower entered repayment on such loans; or

“(BB) in the case of a Federal Direct Consolidation Loan, the total amount of principal and interest that the borrower would have repaid under the repayment schedule established for the loan under section 428C(c)(2) on the date on which such loan was made; plus

“(bb) an amount equal to the amount of any unpaid interest that has accrued, but was not included in the calculation of the total amount of principal and interest that would have been repaid under the standard repayment plan or schedule described in item (aa)—

“(AA) during any deferment period described in clause (i) or (ii) of subsection (f)(2)(A); or

“(BB) during any forbearance period while serving in a medical or dental internship or residency program as described in section 428(c)(3)(A)(i)(I); and

“(vi) a borrower who is repaying a loan pursuant to a repayment assistance plan under clause (i) may elect, at any time, to terminate repayment pursuant to such plan and repay such loan under the standard repayment plan under subsection (d)(6)(A)(i).

“(B) REPAYMENT ASSISTANCE FOR DISTRESSED BORROWERS.—

“(i) INTEREST SUBSIDY.—For each month for which a borrower’s aggregate monthly payment under this paragraph is insufficient to pay the total amount of interest that accrues on a loan for the month, the amount of interest accrued and not paid for the month shall be subtracted from the total amount of interest due on such loan for the month.

“(ii) PRINCIPAL SUBSIDY.—For each month for which a borrower’s aggregate monthly payment under this paragraph repays an amount due on an individual loan that is less than twice the total amount of interest that accrues on such loan for the month, the amount of the total principal due on such loan shall be reduced by an amount equal to half of the monthly payment under this paragraph on such loan for the month.

“(C) DEFINITIONS.—In this paragraph:

“(i) ADJUSTED GROSS INCOME.—The term ‘adjusted gross income’ has the meaning given the term in section 62 of the Internal Revenue Code of 1986.

“(ii) APPLICABLE MONTHLY PAYMENT.—The term ‘applicable monthly payment’ means, when used with respect to a borrower, the amount obtained by dividing by 12, 10 percent of the result obtained by calculating, on at least an annual basis, the amount by which—

“(I) the adjusted gross income of the borrower or, if the borrower is married and files a Federal income tax return jointly with or

separately from the borrower's spouse, the adjusted gross income of the borrower and the borrower's spouse; exceeds

"(II) 150 percent of the poverty line applicable to the borrower's family size as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(iii) EXCEPTED CONSOLIDATION LOAN.—The term 'excepted Consolidation Loan' means a Federal Direct Consolidation Loan, if the proceeds of such loan were used to the discharge the liability on—

"(I) an excepted PLUS loan; or

"(II) a Federal Direct Consolidation loan, if the proceeds of such loan were used to discharge the liability on an excepted PLUS loan.

"(iv) EXCEPTED PLUS LOAN.—The term 'excepted PLUS Loan' has the meaning given the term in section 493C."

SEC. 223. LOAN REHABILITATION.

Section 428F(a)(5) of the Higher Education Act of 1965 (20 U.S.C. 1078–6(a)(5)) is amended by striking "one time" and inserting "two times".

SEC. 224. INTEREST CAPITALIZATION.

(a) FEDERAL PLUS LOANS.—Section 428B(d)(2) of the Higher Education Act of 1965 (20 U.S.C. 1078–2(d)(2)) is amended to read as follows:

"(2) NO CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are deferred pursuant to paragraph (1) shall be paid monthly or quarterly, if agreed upon by the borrower and the lender."

(b) FEDERAL CONSOLIDATION LOANS DEFERRALS.—Section 428C(b)(4)(C)(ii)(III) of the Higher Education Act of 1965 (20 U.S.C. 1078–3(b)(4)(C)(III)) is amended by striking "or capitalized,".

(c) LOAN LIMITS FOR UNSUBSIDIZED STAFFORD LOANS.—Section 428H(d)(5) of the Higher Education Act of 1965 (20 U.S.C. 1078–8(d)(5)) is amended by inserting "before the date of enactment of the College Cost Reduction Act" after "Interest capitalized".

(d) UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE INCOME BORROWERS.—Section 428H(e)(2) of the Higher Education Act of 1965 (20 U.S.C. 1078–8(e)(2)) is amended—

(1) in subparagraph (A), in the matter before clause (i), by striking "if agreed upon by the borrower and the lender" and all that follows through clause (ii)(IV) and inserting "be paid monthly or quarterly, if agreed upon by the borrower and the lender";

(2) by striking subparagraph (B); and

(3) by redesignating subparagraph (C) as subparagraph (B).

(e) INCOME CONTINGENT REPAYMENT.—Section 455(e)(5) of the Higher Education Act of 1965 (20 U.S.C. 1087e(e)(5)) is amended by striking the last sentence and inserting "No interest may be capitalized on such loan on or after the date of the enactment of the College Cost Reduction Act, and the Secretary shall promulgate regulations with respect to the treatment of accrued interest that is not capitalized".

(f) EFFECT OF DEFERMENT ON PRINCIPAL AND INTEREST.—Section 455(f)(1)(B) of the Higher Education Act of 1965 (20 U.S.C. 1087e(f)(1)(B)) is amended by striking "capitalized or".

(g) INCOME-BASED REPAYMENT PROGRAM.—Section 493C(b)(3)(B) of the Higher Education Act of 1965 (20 U.S.C. 1098e(b)(3)(B)) is amended by inserting "shall accrue but not" before "be capitalized".

SEC. 225. ORIGINATION FEES.

(a) REPEAL OF ORIGINATION FEES.—Subsection (c) of section 455 of the Higher Education Act of 1965 (20 U.S.C. 1087e(c)) is repealed.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to loans made under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) for which the first disbursement of principal is made, or, in the case of a Federal Direct Consolidation Loan, the application is received, on or after July 1, 2024.

TITLE III—ACCOUNTABILITY AND STUDENT SUCCESS

PART A—ACCOUNTABILITY

Subpart 1—Department of Education

SEC. 301. AGREEMENTS WITH INSTITUTIONS.

Section 454 of the Higher Education Act of 1965 (20 U.S.C. 1087d) is amended—
(1) in subsection (a)—

(A) in paragraph (5), by striking “and” after the semicolon;

(B) by redesignating paragraph (6) as paragraph (7); and

(C) by inserting after paragraph (5) the following new paragraph:

“(6) provide annual reimbursements to the Secretary in accordance with the requirements under subsection (d); and”; and

(2) by adding at the end the following new subsection:

“(d) REIMBURSEMENT REQUIREMENTS.—

“(1) ANNUAL REIMBURSEMENTS REQUIRED.—Beginning in award year 2024–2025, each institution of higher education participating in the direct student loan program under this part shall, for qualifying student loans, remit to the Secretary, at such time as the Secretary may specify, an annual reimbursement for each student cohort of the institution, based on the non-repayment balance of such cohort and calculated in accordance with paragraph (3).

“(2) STUDENT COHORTS.—

“(A) COHORTS ESTABLISHED.—For each institution of higher education, the Secretary shall establish student cohorts, beginning with award year 2023–2024, as follows:

“(i) COMPLETING STUDENT COHORT.—For each program of study at such institution, a student cohort comprised of all students who received Federal financial assistance under this title and who completed such program during such award year.

“(ii) UNDERGRADUATE NON-COMPLETING STUDENT COHORT.—For such institution, a student cohort comprised of all students who received Federal financial assistance under this title, who were enrolled in the institution during the previous award year in a program of study leading to an undergraduate credential, and who at the time the cohort is established—

“(I) have not completed such program of study; and

“(II) are not enrolled at the institution in any program of study leading to an undergraduate credential.

“(iii) GRADUATE NON-COMPLETING STUDENT COHORT.—For each program of study leading to a graduate credential at such institution, a student cohort comprised of all students who received Federal financial assistance under this title, who were enrolled in such program during the previous award year, and who at the time the cohort is established—

“(I) have not completed such program of study; and

“(II) are not enrolled in such program.

“(B) QUALIFYING STUDENT LOAN.—For the purposes of this subsection, the term ‘qualifying student loan’ means a Federal Direct loan, including a Federal Direct Consolidation loan, made under this part that—

“(i) was made to a student included in a student cohort of an institution;

“(ii) except in the case of a loan described in clause (i) or (ii) of subparagraph (C), is not included in any other student cohort of any institution of higher education;

“(iii) is not in—

“(I) a medical or dental internship or residency forbearance described in section 428(c)(3)(A)(i)(I), section 428B(a)(2), section 428H(a), or section 685.205(a)(3) of title 34, Code of Federal Regulations;

“(II) a graduate fellowship deferment described in section 455(f)(2)(A)(ii)

“(III) rehabilitation training program deferment described under section 455(f)(2)(A)(ii);

“(IV) an in-school deferment described under section 455(f)(2)(A)(i);

“(V) a cancer deferment described under section 455(f)(3);

“(VI) a military service deferment described under section 455(f)(2)(C); or

“(VII) a post-active duty student deferment described under section 493D; and

“(iv) is not in default.

“(C) SPECIAL CIRCUMSTANCES.—

“(i) MULTIPLE CREDENTIALS.—In the case of a student who completes two or more programs of study during the same award year, each qualifying student loan of the student shall be included in the student cohort for each of such program of study for such award year.

“(ii) TREATMENT OF CERTAIN CONSOLIDATION LOANS.—A Federal Direct Consolidation loan made under this title shall not be considered a qualifying student loan for a student cohort for an award year if all of the loans included in such consolidation loan are attributable to another student cohort.

“(iii) CONSOLIDATION AFTER INCLUSION IN A STUDENT COHORT.—If a qualifying student loan is consolidated into a consolidation loan under this title after such qualifying student loan has been included in a student cohort, the percentage of the consolidation loan that was attributable to such student cohort at the time of consolidation shall remain attributable to the student cohort for the life of the consolidation loan.

“(3) CALCULATION OF REIMBURSEMENT.—

“(A) REIMBURSEMENT PAYMENT FORMULA.—For each student cohort of an institution of higher education established under this subsection, the annual reimbursement for such cohort shall be equal to—

“(i) the reimbursement percentage determined for the cohort in accordance with subparagraph (B); multiplied by

“(ii) the non-repayment balance for the cohort for the award year, determined in accordance with subparagraph (C).

“(B) REIMBURSEMENT PERCENTAGE.—The reimbursement percentage of a student cohort of an institution shall be determined by the Secretary when the cohort is established, shall remain constant for the life of the student cohort, and shall be determined as follows:

“(i) COMPLETING STUDENT COHORTS.—The reimbursement percentage of a completing student cohort shall be equal to the percentage determined by—

“(I) subtracting from one the quotient of—

“(aa) the median value-added earnings of students who completed such program of study in the most recent award year for which such earnings data is available; divided by

“(bb) the median total price charged to students included in such cohort; and

“(II) multiplying the difference determined under subclause (I) by 100.

“(ii) SPECIAL CIRCUMSTANCES FOR COMPLETING STUDENT COHORTS.—

“(I) HIGH-RISK COHORTS.—Notwithstanding clause (i), if the median value-added earnings of a completing student cohort under clause (i)(I)(aa) is negative, the reimbursement percentage of the student cohort shall be 100 percent.

“(II) LOW-RISK COHORTS.—Notwithstanding clause (i), if the median value-added earnings of a completing student cohort under clause (i)(I)(aa) exceeds the median total price of such cohort under clause (i)(I)(bb), the reimbursement percentage of the student cohort shall be 0 percent.

“(iii) NON-COMPLETING STUDENT COHORTS.—The reimbursement percentage of a non-completing student cohort shall be determined based on the most recent data available in the award year in which the cohort is established, and—

“(I) for an undergraduate non-completing student cohort, shall be equal to the percentage of undergraduate students who received Federal financial assistance under this title at such institution who—

“(aa) did not complete an undergraduate program of study at the institution within 150 percent of the program length of such program; or

“(bb) only in the case of a two-year institution, did not, within 6 years after first enrolling at the two-year institution, complete a program of study at a four-year institution for which

a bachelor's degree (or substantially similar credential) is awarded; and

“(II) for a graduate non-completing student cohort, shall be equal to the percentage of students who received Federal financial assistance under this title at the institution for the applicable graduate program of study and who did not complete such program of study within 150 percent of the program length.

“(C) NON-REPAYMENT LOAN BALANCE.—

“(i) IN GENERAL.—For each award year, the Secretary shall determine the non-repayment loan balance for such award year for each student cohort of an institution of higher education by calculating the sum of—

“(I) for loans in such cohort, the difference between the total amount of payments due from all borrowers on such loans during such year and the total amount of payments made by all such borrowers on such loans during such year; plus

“(II) the total amount of interest waived, paid, or otherwise not charged by the Secretary during such year under an income-based repayment plan described in section 493C or an income-contingent repayment plan described in section 455(e); plus

“(III) the total amount of principal and interest forgiven, cancelled, waived, discharged, repaid, or otherwise reduced by the Secretary under any act during such year that is not included in subclause (II) and was not discharged or forgiven under section 437(a) or 428J.

“(ii) SPECIAL CIRCUMSTANCES.—For the purpose of calculating the non-repayment loan balance of student cohorts under this paragraph, the Secretary shall—

“(I) for each qualifying student loan in a student cohort that is included in another student cohort because the student who borrowed such loan completed two or more programs of study during the same award year, the sum of the amounts described in subclauses (I) through (III) of clause (i) for such qualifying student loan shall be divided equally among each of the student cohorts in which such loan is included; and

“(II) for each consolidation loan in a student cohort—

“(aa) determine the percentage of the outstanding principal balance of the consolidation loan attributable to such student cohort—

“(AA) at the time of that loan was included in such cohort, in the case of a loan consolidated before inclusion in such cohort; or

“(BB) at the time of consolidation, in the case of a loan consolidated after inclusion in such cohort; and

“(bb) include in the calculations under clause (i) for such student cohort only the percentage of the sum of the amounts described in subclauses (I) through (III) of clause (i) for the consolidation loan for such year that is equal to the percentage of the consolidation loan determined under item (aa).

“(D) TOTAL PRICE.—With respect to a student who received Federal financial assistance under this title and who completes a program of study, the term ‘total price’ means the total amount, before Federal financial assistance under this title was applied, a student was required to pay to complete the program of study. A student’s total price shall be calculated by the Secretary as the difference between—

“(i) the total amount of tuition and fees (including the required costs described in section 124(b)(3)(A)(i)(I)) that were charged to such student before the application of any Federal financial assistance provided under this title; minus

“(ii) the total amount of grants and scholarships described in section 480(i) awarded to such student from non-Federal sources for such program of study.

“(4) NOTIFICATION AND REMITTANCE.—Beginning with the first award year for which reimbursements are required under this subsection, and for each succeeding award year, the Secretary shall—

“(A) notify each institution of higher education of the amounts and due dates of each annual reimbursement calculated under paragraph (3) for each student cohort of the institution within 30 days of calculating such amounts; and

“(B) require the institution to remit such payments within 90 days of such notification.

“(5) PENALTY FOR LATE PAYMENTS.—

“(A) THREE-MONTH DELINQUENCY.—If an institution fails to remit to the Secretary a reimbursement for a student cohort as required under this subsection within 90 days of receiving notification from the Secretary in accordance with paragraph (4), the institution shall pay to the Secretary, in addition to such reimbursement, interest on such reimbursement payment, at a rate that is the average rate applicable to the loans in such student cohort.

“(B) TWELVE-MONTH DELINQUENCY.—If an institution fails to remit to the Secretary a reimbursement for a student cohort as required under this subsection, plus interest owed in under subparagraph (A), within 12 months of receiving notification from the Secretary in accordance with paragraph (4), the institution shall be ineligible to make direct loans to any student enrolled in the program of study for which the institution has failed to make the reimbursement payments until such payment is made.

“(C) EIGHTEEN-MONTH DELINQUENCY.—If an institution fails to remit to the Secretary a reimbursement for a student cohort as required under this subsection, plus interest owed under subparagraph (A), within 18 months of receiving notification from the Secretary in accordance with paragraph (4), the institution shall be ineligible to make direct loans or award Federal Pell Grants under section 401 to any student enrolled in the institution until such payment is made.

“(D) TWO-YEAR DELINQUENCY.—If an institution fails to remit to the Secretary a reimbursement for a student cohort as required under this subsection, plus interest owed under subparagraph (A), within 2 years of receiving notification from the Secretary in accordance with paragraph (4), the institution shall be ineligible to participate in any program under this title for a period of not less than 10 years.

“(6) RELIEF FOR VOLUNTARY CESSATION OF FEDERAL DIRECT LOANS FOR A PROGRAM OF STUDY.—The Secretary shall, upon the request of an institution that voluntarily ceases to make Federal direct loans to students enrolled in a specific program of study, reduce the amount of the annual reimbursement owed by the institution for each student cohort associated with such program by 50 percent if the institution assures the Secretary that the institution will not make Federal direct loans to any student enrolled in such program of study (or any substantially similar program of study) for a period of not less than 10 award years, beginning with the first award year that begins after the date on which the Secretary reduces such reimbursement.

“(7) RESERVATION OF FUNDS FOR PROMISE GRANTS.—Notwithstanding any other provision of law, the Secretary shall reserve the funds remitted to the Secretary as reimbursements in accordance with this subsection, and such funds shall be made available to the Secretary only for the purpose of awarding PROMISE grants in accordance with subpart 4 of part A of this title.”.

SEC. 302. REGULATORY RELIEF.

(a) 90/10.—

(1) REGULATION REPEALED.—Section 668.28 of title 34, Code of Federal Regulations (relating to the 90/10 rule), as added or amended by the final regulations published by the Department of Education in the Federal Register on October 28, 2022 (87 Fed. Reg. 65426 et seq.), is repealed and will have no force or effect.

(2) AMENDMENTS.—Section 487 of the Higher Education Act of 1965 (20 U.S.C. 1094) is amended—

(A) in subsection (a), by striking paragraph (24);

(B) by striking subsection (d); and

(C) by redesignating subsections (e) through (j) as subsections (d) through (i), respectively.

(b) FINANCIAL VALUE TRANSPARENCY AND GAINFUL EMPLOYMENT.—

(1) REGULATION REPEALED.—Sections 600.10, 600.21, 668.2, 668.13, 668.43, 668.91, 668.402 through 668.409 (excluding section 668.408), and 668.601 through 668.606 of title 34, Code of Federal Regulations (relating to financial value transparency and gainful employment), as added or amended by the final regulations published by the Department of Education in the Federal Register on October 10, 2023 (88 FR 70004 et seq.), are repealed and will have no force or effect.

(2) PROHIBITION.—The Secretary of Education shall not, on or after the date of enactment of this Act, promulgate or enforce any regulation or rule with re-

spect to the definition or application of the term “gainful employment” for any purpose under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

(c) CHANGES IN OWNERSHIP.—

(1) REGULATION REPEALED.—Sections 600.2, 600.4, 600.20, 600.21, and 600.31 of title 34, Code of Federal Regulations (relating to changes in ownership), as added or amended by the final regulations published by the Department of Education in the Federal Register on October 28, 2022 (87 Fed. Reg. 65426 et seq.), are repealed and will have no force or effect.

(2) AMENDMENTS.—Section 498(i) of the Higher Education Act of 1965 (20 U.S.C. 1099c(i)) is amended—

(A) in the subsection heading, by inserting “AND PROPOSED CHANGES OF OWNERSHIP” after “OWNERSHIP”;

(B) in paragraph (1)—

(i) by striking “(1) An eligible institution”, and inserting the following: “(1)(A) An eligible institution”;

(ii) by striking “the requirements of section 102 (other than the requirements in subsections (b)(5) and (c)(3))” and inserting “the applicable requirements of section 102 or 103(13)”

(iii) by adding at the end the following:

“(B)(i) Prior to a change in ownership resulting in a change of control, an institution may seek a pretransaction determination about whether the institution will meet the applicable requirements of section 102 or 103(13) and this section after such proposed change in ownership by submitting to the Secretary a materially complete pretransaction review application.

“(ii) In reviewing applications submitted under clause (i), the Secretary shall only provide a comprehensive review of each such application, and may not provide an abbreviated or partial review.

“(iii) If an institution submits a materially complete pretransaction review application at least 90 days prior to the transaction and the Secretary approves the application, the subsequent change in ownership application shall also be approved and the institution shall be certified as meeting the requirements for such transaction, provided that the institution—

“(I) complies with the applicable terms of this section; and

“(II) the transaction resulting in a change of control does not differ materially in its terms from the transaction proposed in the pretransaction review application.”;

(C) in paragraph (2)—

(i) in subparagraph (E), by striking “or” at the end;

(ii) in subparagraph (F), by striking the period at the end and inserting “; or”; and

(iii) by adding the following at the end:

“(G) in the case of a proprietary institution of higher education, a conversion to a public or other nonprofit institution of higher education.”;

(D) by adding at the end the following:

“(5)(A) Subject to subparagraph (B), when any institution submits an application for a change in ownership resulting in a change in control under this section or submits a pretransaction review application under paragraph (1)(B) (other than in the case of a conversion transaction), the institution shall be required to pay to the Secretary an administrative fee that shall—

“(i) be in an amount equal to 0.15 percent of the total institutional revenue derived from this title by such institution for the most fiscal year for which data is available; and

“(ii) be used exclusively for expenses related to the processing of such application, and be available to the Secretary without further appropriation, exclusively for expenses related to the processing of such approval or application.

“(B) In the case of a proprietary institution submitting an application for conversion, or a pretransaction review application for conversion, the institution shall be required to pay to the Secretary an administrative fee that shall—

“(i) be in an amount equal to 0.30 percent of the total institutional revenue derived from this title by such institution for the most fiscal year for which data is available; and

“(ii) be used exclusively for expenses related to the processing of such application, and of which—

“(I) 50 percent shall be available to the Secretary without further appropriation, exclusively for expenses related to the processing of such application; and

“(II) 50 percent shall be remitted by the Secretary to the Commissioner of the Internal Revenue, and shall be available, without further appropriation, to the Commissioner of Internal Revenue exclusively for purposes of

determining whether the institution seeking such conversion or pretransaction review is an institution exempt from tax and is otherwise in compliance with applicable requirements of the Internal Revenue Code of 1986.

“(C) An institution that pays a fee under subparagraph (A) or (B) for a pretransaction application with respect to a proposed transaction shall not be required to pay another fee under such subparagraph for a change in ownership application with respect to such transaction.

“(D) In no case may any fee remitted under subparagraph (A) or (B) exceed \$120,000 for any transaction (or pretransaction) application, nor may the Secretary require an institution that has paid a fee under subparagraph (B) to pay an additional fee under subparagraph (A).

“(6)(A) The Secretary shall approve or deny a materially complete application (including pretransaction reviews and conversion applications) submitted under this section as soon as practicable and not later than the 90-day period beginning on the date of receipt of such an application, except that in a case in which the Secretary determines, on a nondelegable basis, that good cause exists to not make the determination during such 90-day period, the Secretary shall notify the institution in writing detailing the reasons for a good cause extension.

“(B) If the Secretary fails to approve or deny a materially complete application during the period described in subparagraph (A) and does not find good cause for extension, the materially complete application shall be deemed approved.

“(C) In no case may the Secretary grant a good cause extension under this section to an institution for more than one month at a time, or for a total of more than more than 12 months.

“(D) To ensure timely submission of all relevant documentation, the Secretary may deny an application if an institution does not make a good faith effort to submit to the Secretary, in a timely manner—

“(i) all relevant documentation; or

“(ii) a materially complete application.

“(E)(i) Upon approving or denying an application under this paragraph, the Secretary shall publish in the Federal Register the reasoning for such approval or denial, including—

“(I) a copy of the approval or denial letter sent to the institution; and

“(II) any analysis regarding how the Secretary determined under paragraph 7(A)(iii) that a director of the institution was an interested or disinterested party to the transaction.

“(ii) The Secretary shall not publish under clause (i) any information that is otherwise exempt from disclosure under section 552 of title 5, United States Code (relating to the Freedom of Information Act), including trade secrets and commercial or financial information that is privileged or confidential.

“(7)(A) In the case of a proprietary institution that subsequent to the transaction would be owned and operated by an entity (in this paragraph referred to as the ‘buyer’) seeking to be recognized as a public or other nonprofit institution, the buyer shall meet the definition of a nonprofit institution under section 103(13) if—

“(i) the buyer pays no more than fair market value for any assets of the proprietary institution;

“(ii) the buyer pays no more than fair market value for any service or lease contracts, including such service and lease contracts provided by the entity selling the proprietary institution; and

“(iii) to prevent self-dealing in the case where one or more individuals with a substantial ownership or controlling interests in the proprietary institution will also have substantial or controlling interests in the institution seeking to be recognized as a public or other nonprofit institution (meaning that one or more individuals are on both sides of the transaction), the change of control transaction, and any substantial asset acquisition, service, or lease agreements with the proprietary institution shall be approved by a disinterested committee of directors of the entity that seeks to be recognized as a public or other nonprofit institution.

“(B) For the purposes of this paragraph, parties to the transaction are entitled to a rebuttable presumption that the assets, lease contracts, and service contracts that are part of the transaction are purchased at fair market value if—

“(i) the acquiring entity pays no more than fair market value for such assets, lease contracts, or service contracts; and

“(ii) the value of the assets, lease contracts, or service contracts are evaluated by at least one independent third-party entity hired by parties on both sides of the transaction.

“(8)(A) An institution that has been approved for conversion by the Secretary shall be subject to a monitoring period for a 5-year period beginning on the day after the

date of such approval. In conducting the monitoring of the institution under this paragraph, the Secretary—

“(i) shall only conduct monitoring to ensure that the institution is in compliance with the requirements of section 103(13) and paragraph (7) of this subsection; and

“(ii) may require the institution to submit regular reports or conduct audits of such institution relating to such compliance.

“(B) Each institution that is subject to the monitoring period under this paragraph shall remit an annual fee to the Secretary—

“(i) in an amount equal to 0.15 percent of the total revenue derived from this title by such institution for the most recent fiscal year for which data is available; and

“(ii) that shall be exclusively for expenses related to monitoring of the institution for the period described in subparagraph (A)—

“(I) of which 50 percent shall be used by the Secretary, without further appropriation, exclusively for expenses related to monitoring of the institution during such period; and

“(II) of which 50 percent shall be remitted by the Secretary to the Commissioner of Internal Revenue, to be available to such Commissioner, without further appropriation, exclusively for monitoring compliance with the Internal Revenue Code of such institution during such period.

“(C) An institution may not be subject to an annual fee under subparagraph (B) for monitoring related to a conversion that exceeds \$60,000.

“(D) If the Secretary determines that an institution should be subject to the monitoring under this paragraph beyond the 5-year period described in subparagraph (A), the Secretary shall provide the reasons justifying an extension in writing to the institution (and in the Federal Register) at least 30 days before the expiration of such period.

“(E) Any institution that is subject to monitoring under this paragraph may seek a waiver to be exempt from such monitoring (including the annual fee under subparagraph (B)) on an annual basis for any year during the monitoring period and the Secretary shall grant such waiver if there is no ongoing contractual or financial relationship between the institution and the former entity or individuals that previously owned the institution. The Secretary may grant a waiver for more than 1 year in the case where the entity that formerly owned the proprietary institution has closed or no longer exists and the Secretary determines the institution is not at risk of violating the requirements of section 103(13) or paragraph (7) of this subsection.

“(9) Any institution that submits an application for conversion shall not promote or market itself, in any manner, as a public or other nonprofit institution of higher education unless—

“(A) the Secretary has provided final approval of the conversion of the institution to a public or other nonprofit institution of higher education under this section;

“(B) an accrediting agency or association recognized by the Secretary pursuant to section 496 has approved such public or nonprofit status of the institution;

“(C) the State has given final approval to the institution as a public or nonprofit institution of higher education, as applicable; and

“(D) in the case of an institution seeking nonprofit status, the Commissioner of Internal Revenue has approved the institution as tax exempt pursuant to the Internal Revenue Code of 1986.

“(10) Not later than 270 days after the date of enactment of the College Cost Reduction Act, and periodically thereafter, the Secretary shall publish (and update as necessary) in the Federal Register—

“(A) descriptions of the documents and materials the Secretary expects or requires institutions of higher education to submit (including any standardized forms) as part of any pretransaction application or change in ownership application under this section, including a description of what the Secretary considers to be a materially complete application; and

“(B) after at least a 30-day notice and comment period, responses to any public comments received with respect to such descriptions or updates to such descriptions.

“(11) In a case in which the Secretary requests a document under this section as part of a pretransaction or change in ownership application that is not described in the Federal Register under paragraph (10), the Secretary shall—

“(A) substantiate, in writing to the institution, the reasons why the Secretary is requesting such documents; and

- “(B) publish such reasons in the Federal Register, including whether the Secretary may request other institutions that submit applications under this section to produce similar documentation.
- “(12)(A) Not later than 18 months after the date of enactment of the College Cost Reduction Act, and annually thereafter, the Secretary shall submit a report to authorizing committees, and post such report on a publicly available website regarding implementation of the amendments made to this section by such Act, including the following information:
- “(i) The mean and median length of time taken by the Secretary to review applications under this section during the preceding 12-month period.
 - “(ii) The number of applications approved or denied during the preceding 12-month period.
 - “(iii) For any application not processed during the 90-day period beginning on the date of receipt of the application for which the Secretary found good cause under paragraph (6)(A) to extend the deadline in which the application shall be processed, a copy of the letter sent to the institution explaining why the Secretary believed good cause existed for such extension.
 - “(iv) For any application not processed during such 90-day period, which was deemed to be automatically approved by the requirements of this section under paragraph (6)(B), the name of each institution involved and an explanation for why the application was not processed in a timely manner.
 - “(v) Any legislative suggestions the Secretary may have to improve the application or monitoring process under this section.
- “(B) If the Secretary fails to submit a report under this paragraph by not later than 90 days after the deadline for such submission under subparagraph (A), the Secretary may not, for the 12-month period following such failure, spend the fees remitted by institutions under this section or remit such fees to the Commissioner unless Congress provides for such use by further appropriation.
- “(13) For the purposes of this subsection, the term ‘conversion’ means any transaction under which—
- “(A) a proprietary institution is reorganized and seeks recognition as a public or other nonprofit institution; or
 - “(B) the control of a proprietary institution is transferred as a result of a sale, donation, or other method to an entity that seeks certification under this section as a public or other nonprofit institution.”.
- (3) APPLICATION.—The amendments made by this section shall be apply with respect to applications submitted for change of control or conversion submitted on or after January 1, 2023.
- (4) REPORT.—Not later than 5 years after the date of enactment of this Act, the Comptroller General shall submit to the Committee on Education and Labor of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate, a report on the implementation of the amendments made by this subsection, including recommendations to improve—
- (A) the application process under section 498(i) of the Higher Education Act of 1965 (20 U.S.C. 1099c(i)), as amended by paragraph (2), for institutions of higher education seeking a change in ownership resulting in a change in control; or
 - (B) the monitoring process under such section for institutions of higher education that have recently converted from being recognized as a proprietary institution to a public or other nonprofit institution.
- (d) FINANCIAL RESPONSIBILITY.—
- (1) REGULATION REPEALED.—Sections 668.15, 668.23, 668.171, and 668.174 through 668.177 of title 34, Code of Federal Regulations (relating to financial responsibility), as added or amended by the final regulations published by the Department of Education in the Federal Register on October 31, 2023 (87 Fed. Reg. 74568 et seq.) are repealed and will have no force or effect.
- (2) AMENDMENTS.—Section 498(c) of the Higher Education Act of 1965 (20 U.S.C. 1099c(c)) is amended—
- (A) by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (4), (5), (6), and (7), respectively;
 - (B) in paragraph (2)—
 - (i) by striking “paragraph (1), if” and inserting “paragraph (1), the Secretary shall prescribe criteria regarding ratios that aid in the determination financial responsibility. Such ratios shall be first issued in draft form to the institution to allow for adequate review, consisting of an appeals process, by such institutions of higher education. If”; and
 - (ii) by striking “prescribed by the Secretary regarding ratios” and inserting “prescribed by the Secretary regarding the final ratios”;
 - (C) by inserting after paragraph (2) the following:

“(3) Notwithstanding paragraph (2), the Secretary shall take into account an institution’s current total financial circumstances, including any subsequent change in the institution’s overall fiscal health based on the standards in paragraph (2), when making a determination of its ability to meet the standards herein required before any subsequent action is taken under paragraph (4). If an institution meets the standards in paragraph (2), the institution shall be seen as financially responsible.”;

(D) in subparagraph (C) of paragraph (4), as so redesignated, by striking “establishes to the satisfaction of the Secretary, with” and inserting “establishes, with”;

(E) in paragraph (5), as so redesignated—

(i) in subparagraph (A), by inserting “and” after the semicolon at the end;

(ii) in subparagraph (B), by striking “; and” and inserting a period; and

(iii) by striking subparagraph (C);

(F) in paragraph (6), as so redesignated, by striking “(3)(C)” and inserting “(4)(C)”; and

(G) by adding at the end the following new paragraph:

“(8) Not later than 18 months after the date of enactment of the College Cost Reduction Act, the Secretary shall pursue a process to update the ratios regarding financial responsibility as identified in paragraph (2). The Secretary shall report the revised ratios to—

“(A) the Committee on Education and the Workforce of the House of Representatives; and

“(B) the Committee on Health, Education, Labor, and Pensions of the Senate.”.

(e) INCENTIVE COMPENSATION; THIRD PARTY SERVICER.—

(1) AMENDMENTS.—Section 487(a)(20) (20 U.S.C. 1094(a)(20)) is amended to read as follows:

“(20) The institution will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities, or in making decisions regarding the award of student financial assistance, except that this paragraph shall not apply—

“(A) to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance; or

“(B) to a third party where—

“(i) the third party is providing the institution recruiting or admissions activities as part of a larger bundle of services not covered by this paragraph and which may include marketing or advertising activities that broadly disseminate or distribute widely available information;

“(ii) the third party does not provide any commission, bonus, or other incentive-based payments to its employees or subcontractors who are providing services to the institution covered in this paragraph; and

“(iii) the third party is not awarding or disbursing Federal financial aid awards.”.

(2) DEFINITION.—Section 481(c) (20 U.S.C. 1088(c)) is amended to read as follows:

“(c) THIRD PARTY SERVICER.—

“(1) For purposes of this title, the term ‘third party servicer’—

“(A) means any individual, any State, or any private, for-profit or non-profit organization, which enters into a contract with—

“(i) any eligible institution of higher education to administer, through either manual or automated processing, any aspect of such institution’s student assistance programs under this title; or

“(ii) any guaranty agency, or any eligible lender, to administer, through either manual or automated processing, any aspect of such guaranty agency’s or lender’s student loan programs under part B of this title, including originating, guaranteeing, monitoring, processing, servicing, or collecting loans; and

“(B) does not include any individual, any State, or any private, for-profit or nonprofit organization, which conducts activities or interacts with prospective or enrolled students for the purposes of—

“(i) marketing or recruiting, such as soliciting potential enrollments through the dissemination of information and advertising;

“(ii) assisting with the completion of applications for enrollment, such as screening pre-enrollment information and offering admission counseling;

“(iii) administering ability-to-benefit tests or establishing any aspect of an eligible career pathway program;

“(iv) conducting activities for the retention of students, such as monitoring academic engagement and conducting outreach to student regarding attendance; and

“(v) providing instructional content, such as evaluating course completion, delivering mandatory tutoring, assessing student learning, including through electronic means, or developing curricula or course materials.

“(2) The Secretary shall not regulate on the definition of a ‘third party servicer’.”.

(f) OTHER REPEALS.—The following regulations (including any supplement or revision to such regulations) are repealed and shall have no legal effect:

(1) CLOSED SCHOOL DISCHARGES.—Sections 674.33(g), 682.402(d), and 685.214 of title 34, Code of Federal Regulations (relating to closed school discharges), as added or amended by the final regulations published by the Department of Education in the Federal Register on November 1, 2022 (87 Fed. Reg. 65904 et seq.).

(2) BORROWER DEFENSE TO REPAYMENT.—Section 685.401 of title 34, Code of Federal Regulations (relating to borrower defense to repayment), as added or amended by the final regulations published by the Department of Education in the Federal Register on November 1, 2022 (87 Fed. Reg. 65904 et seq.).

(3) PRE-DISPUTE ARBITRATION.—Sections 668.41, 685.300, and 685.304 of title 34, Code of Federal Regulations (relating to pre-dispute arbitration), as added or amended by the final regulations published by the Department of Education in the Federal Register on November 1, 2022 (87 Fed. Reg. 65904 et seq.).

(4) FALSE CERTIFICATION.—Sections 682.402(e), 685.215(c) and 685.215(d) of title 34, Code of Federal Regulations (relating to false certification), as added or amended by the final regulations published by the Department of Education in the Federal Register on November 1, 2022 (87 Fed. Reg. 65904 et seq.).

(5) ADMINISTRATIVE CAPABILITY.—Sections 668.16 of title 34, Code of Federal Regulations (relating to administrative capability), as added or amended by the final regulations published by the Department of Education in the Federal Register on October 31, 2023 (87 Fed. Reg. 74568 et seq.).

(6) CERTIFICATION PROCEDURES.—Sections 668.13, 668.14, and 668.43 of title 34, Code of Federal Regulations (relating to certification procedures) as added or amended by the final regulations published by the Department of Education in the Federal Register on October 31, 2023 (87 Fed. Reg. 74568 et seq.).

(7) ABILITY TO BENEFIT.—Sections 668.2, 668.32, 668.156, and 668.157 of title 34, Code of Federal Regulations (relating to ability to benefit) as added or amended by the final regulations published by the Department of Education in the Federal Register on October 31, 2023 (87 Fed. Reg. 74568 et seq.).

(8) PERSONAL LIABILITY.—The electronic announcement titled “Establishing Personal Liability Requirements for Financial Losses Related to the Title IV Programs” (GENERAL–23–11, published on March 1, 2023).

(g) EFFECT OF REPEAL.—Any regulations repealed by subsections (c) through (e) that were in effect on June 30, 2023, are restored and revived as if the repeal of such regulations under such subsections had not taken effect.

(h) PROHIBITION.—The Secretary of Education may not implement any rule, regulation, policy, or executive action specified in this section (or a substantially similar rule, regulation, policy, or executive action) unless authority for such implementation is explicitly provided in an Act of Congress.

(i) PROGRAM REVIEW AND DATA.—Section 498A (20 U.S.C. 1099c–1) is amended by adding at the end the following:

“(f) TIME LIMIT ON PROGRAM REVIEW ACTIVITIES.—In conducting, responding to, and concluding program review activities, the Secretary shall—

“(1) provide to the institution the initial report finding not later than 90 days after concluding an initial site visit;

“(2) upon each receipt of an institution’s response during a program review inquiry, respond in a substantive manner within 90 days;

“(3) upon each receipt of an institution’s written response to a draft final program review report, provide the final program review report and accompanying enforcement actions, if any, within 90 days; and

“(4) conclude the entire program review process not later than 2 years after the initiation of a program review, unless the Secretary determines that such a review is sufficiently complex and cannot reasonably be concluded before the expiration of such 2-year period, in which case the Secretary shall promptly notify the institution of the reasons for such delay and provide an anticipated date for conclusion of the review.”.

SEC. 303. LIMITATION ON AUTHORITY OF SECRETARY TO PROPOSE OR ISSUE REGULATIONS AND EXECUTIVE ACTIONS.

Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.) is amended by inserting after section 492 the following:

“SEC. 492A. LIMITATION ON AUTHORITY OF THE SECRETARY TO PROPOSE OR ISSUE REGULATIONS AND EXECUTIVE ACTIONS.

“(a) **DRAFT REGULATIONS.**—Beginning after the date of enactment of this section, a draft regulation implementing this title (as described in section 492(b)(1)) that is determined by the Secretary to be economically significant shall be subject to the following requirements (regardless of whether negotiated rulemaking occurs):

“(1) The Secretary shall determine whether the draft regulation, if implemented, would result in an increase in a subsidy cost.

“(2) If the Secretary determines under paragraph (1) that the draft regulation would result in an increase in a subsidy cost, then the Secretary may take no further action with respect to such regulation.

“(b) **PROPOSED OR FINAL REGULATIONS AND EXECUTIVE ACTIONS.**—Beginning after the date of enactment of this section, the Secretary may not issue a proposed rule, final regulation, or executive action implementing this title if the Secretary determines that the rule, regulation, or executive action—

“(1) is economically significant; and

“(2) would result in an increase in a subsidy cost.

“(c) **RELATIONSHIP TO OTHER REQUIREMENTS.**—The analyses required under subsections (a) and (b) shall be in addition to any other cost analysis required under law for a regulation implementing this title, including any cost analysis that may be required pursuant to Executive Order 12866 (58 Fed. Reg. 51735; relating to regulatory planning and review), Executive Order 13563 (76 Fed. Reg. 3821; relating to improving regulation and regulatory review), or any related or successor orders.

“(d) **DEFINITION.**—In this section, the term ‘economically significant’, when used with respect to a draft, proposed, or final regulation or executive action, means that the regulation or executive action is likely, as determined by the Secretary—

“(1) to have an annual effect on the economy of \$100,000,000 or more; or

“(2) adversely to affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities.”.

SEC. 304. OFFICE OF FEDERAL STUDENT AID.

(a) **FEDERAL PREEMPTION.**—Section 456 (20 U.S.C. 1087f) is amended by adding at the end the following:

“(c) **FEDERAL PREEMPTION.**—

“(1) **IN GENERAL.**—Covered activities shall not be subject to any law or other requirement of any State or political subdivision of a State with respect to—

“(A) disclosure requirements;

“(B) requirements or restrictions on the content, time, quantity, or frequency of communications with borrowers, endorsers, or references with respect to such loans; or

“(C) any other requirement relating to the servicing or collection of a loan made under this title.

“(2) **COVERED ACTIVITIES DEFINED.**—In this subsection, the term ‘covered activities’ means any of the following activities, as carried out by a qualified entity:

“(A) Origination of a loan made under this title.

“(B) Servicing of a loan made under this title.

“(C) Collection of a loan made under this title.

“(D) Any other activity related to the activities described in subparagraphs (A) through (C).”.

(b) **PROCUREMENT FLEXIBILITY.**—Section 142 (20 U.S.C. 1018a) is amended—

(1) by redesignating subsection (l) as subsection (m); and

(2) by inserting after subsection (k) the following:

“(l) **GUIDANCE TO STUDENT LOAN SERVICERS.**—

“(1) **IN GENERAL.**—In notifying a student loan servicer of a final contract modification (as such term is defined in section 2.101 of title 48, Code of Federal Regulations) that instructs such loan servicer to perform a function that is new or different from a function such servicer performs pursuant to an existing contract, the PBO shall, not later than 30 days before such contract change takes effect, provide such servicers with written guidance in the form of—

“(A) a change order (as such term is defined in section 2.101 of title 48, Code of Federal Regulations);

“(B) a dear colleague letter; or

“(C) an electronic announcement.

“(2) NON-BINDING DIRECTIVES.—A student loan servicer that is notified of a final contract modification described in paragraph (1) and receives guidance in a form other than a form described in paragraph (1) (including through emails or phone calls) shall not be subject to such contract modification.”.

Subpart 2—Accreditors

SEC. 311. ACCREDITING AGENCY RECOGNITION.

(a) CRITERIA REQUIRED.—Section 496(a) of the Higher Education Act of 1965 (20 U.S.C. 1099b(a)) is amended—

(1) in the matter preceding paragraph (1), in the first sentence, by striking “or training” and inserting “skills development”;

(2) by amending paragraph (1) to read as follows:

“(1) the accrediting agency or association (other than an accrediting agency or association described in paragraph (2)(D)) shall be a State or national agency or association and shall demonstrate the ability to operate as an institutional or programmatic accrediting agency or association within the State or nationally, as appropriate;”;

(3) in paragraph (2)—

(A) in subparagraph (A)—

(i) in clause (i), by striking “principal”; and

(ii) in clause (ii), by striking “its principal” and inserting “a”; and

(B) in subparagraph (C), by inserting “or” at the end; and

(C) by adding at the end the following:

“(D) is an entity (such as an industry-specific quality assurance entity) that has been—

“(i) determined by a State to be a reliable authority as to the quality of education or skills development offered in such State for the purposes of this Act; and

“(ii) designated (in accordance with subsection (b)(1)) by such State as an accrediting agency or association with respect to such State for such purposes;”;

(4) in paragraph (3)—

(A) by amending subparagraph (A) to read as follows:

“(A) subparagraph (A), (C), or (D) of paragraph (2), then such agency or association is—

“(i) distinctly incorporated or organized; and

“(ii) both administratively and financially separate from, and independent of, any related, associated, or affiliated trade association or membership organization, by ensuring that—

“(I) the members of the board or governing body of the accrediting agency or association are not elected or selected by the board or chief executive officer (or the representative of such board or officer) of any related, associated, or affiliated trade association or membership organization;

“(II) among the membership of the board or governing body of the accrediting agency or association—

“(aa) if such board or body is comprised of 5 or fewer members, there is a minimum of one public member who represents business and who is not a member of any related, associated, or affiliated trade association or membership organization; and

“(bb) if such board or body is comprised of 6 or more members, there is a minimum of 1 such public member for every 6 members;

“(III) guidelines are established for such members to avoid conflicts of interest, including specific guidelines to ensure that no such member is an employee of any institution accredited by the agency or association or has a financial interest in any such institution;

“(IV) dues to the accrediting agency or association are paid separately from any dues paid to any related, associated, or affiliated trade association or membership organization; and

“(V) the budget of the accrediting agency or association is developed, decided, and maintained by the accrediting agency or association without any review by, consultation with, or approval by any related, associated, or affiliated trade association or membership organization;”;

(B) by striking “or” at the end of subparagraph (B); and

- (C) by striking subparagraph (C);
- (5) in paragraph (4)—
 - (A) in subparagraph (A)—
 - (i) by inserting “(in the manner described in subparagraph (B))” after “religious missions”; and
 - (ii) by striking “and” at the end; and
 - (B) by striking subparagraph (B) and inserting the following:

“(B) such accrediting agency or association consistently applies and enforces standards that respect the stated religious mission of an institution of higher education by—

 - “(i) basing decisions regarding accreditation and preaccreditation on the standards of accreditation of such agency or association; and
 - “(ii) not using as a negative factor the institution’s religious mission based policies, decisions, and practices in the areas covered by subparagraphs (B), (C), (D), (E), and (F) of paragraph (5), except that the agency or association may require that the institution’s or a program of study’s curricula include all core components required by the agency or association that are not inconsistent with the institution’s religious mission; and

“(C) such agency or association demonstrates the ability to review, evaluate, and assess the quality of any instruction delivery model or method such agency or association has or seeks to include within its scope of recognition, without giving preference to or differentially treating a particular instruction delivery model or method offered by an institution of higher education or program, except that—

 - “(i) in a case in which the instruction delivery model allows for the separation of the student from the instructor, the agency or association shall not be required to have separate standards, procedures, or policies for the evaluation of the quality of any instruction delivery model or method in order to meet the requirements of this subparagraph; and
 - “(ii) in the case in which the instruction delivery model allows for the separation of the student from the instructor—
 - “(I) the agency or association requires the institution to have processes through which the institution establishes that the student who registers in a course or program is the same student who participates in the program (including, to the extent practicable, the testing or other assessments required under the program), completes the program, and receives the academic credit; and
 - “(II) the agency or association requires that any process used by an institution to comply with the requirement under clause (I) does not infringe upon student privacy and is implemented in a manner that is minimally burdensome to the student;”; and
- (6) in paragraph (5)—
 - (A) by amending subparagraph (A) to read as follows:

“(A) success with respect to student achievement outcomes in relation to the institution’s mission and to the programs the institution offers, or the mission of a specific degree, certificate, or credential program, which may include different standards for different institutions or programs, and which shall include—

 - “(i) standards for consideration of the median total price charged to students for a program of study in relation to the median value-added earnings of students who completed such program;
 - “(ii) standards for consideration of learning outcomes measures (such as competency attainment and licensing examination passage rates);
 - “(iii) standards for consideration of labor market outcomes measures (such as employer satisfaction surveys, employability measures, earnings gains, employment rates, or other similar approaches); and
 - “(iv) standards for consideration of student success outcomes measures (such as completion rates, retention rates, and loan repayment rates);”;
 - (B) by amending subparagraph (I) to read as follows:

“(I) record of student complaints received by, or available to, the agency or association, and a process for resolving complaints received by the institution; and”; and
 - (C) in subparagraph (J), by inserting “and the median total price charged to students for a program of study in relation to the median value-added earnings of students who completed such program provided by the Secretary” after “student loan default rate data provided by the Secretary”.

(b) SECRETARIAL REQUIREMENTS AND AUTHORITY.—Subsection (b) of section 496 of the Higher Education Act of 1965 (20 U.S.C. 1099b) is amended to read as follows:

“(b) SECRETARIAL REQUIREMENTS AND AUTHORITY.—

“(1) STATE DESIGNATED ACCREDITING AGENCY.—

“(A) APPROVAL OF STATE PLANS.—The Secretary shall—

“(i) approve a State’s designation of an entity as an accrediting agency or association for the purposes described in subsection (a)(2)(D) for a 5-year period, beginning not later than 30 days after receipt of the plan from such State with respect to such designation, if such plan includes each of the elements listed in subparagraph (B);

“(ii) submit to the State and the authorizing committees, and make publicly available the Secretary’s response to the State with respect to such plan, including whether the plan includes each of the elements listed in subparagraph (B); and

“(iii) if a State’s designation of an entity as an accrediting agency or association is approved pursuant to this subparagraph, publish in the Federal Register with a 30-day public comment period—

“(I) the plan submitted by such State with respect to such designation; and

“(II) the Secretary’s response to such plan.

“(B) REQUIRED PLAN ELEMENTS.—The required elements of a State plan submitted under subparagraph (A) with respect to the designation of an entity as an accrediting agency or association are as follows:

“(i) A description of the process the State used to select the entity for such designation.

“(ii) A justification of the State’s decision to select the entity for such designation.

“(iii) A description of any requirements (in addition to the requirements of this section), that the State required the entity to comply with as a condition of receiving and maintaining such designation.

“(iv) A copy of the standards, policies, and procedures of the entity that the State considered in selecting the entity for such designation.

“(v) The State’s assessment of how the standards for accreditation of the entity will be effective in meeting the requirements of subsection (a)(5).

“(vi) Evidence that at least one other State has determined that such entity is a reliable authority as to the quality of education offered for the purposes of this Act.

“(vii) An assurance that the State will comply with the monitoring requirements described in subparagraph (C).

“(C) STATE MONITORING.—

“(i) IN GENERAL.—A State that has designated an entity as an accrediting agency or association for the purposes described in subsection (a)(2)(D) shall submit to the Secretary, and to the State authorizing entity, as appropriate, a report at the end of the 5-year period for which the entity has received such designation, which shall include, with respect to each postsecondary education program or institution that has been accredited by such entity during such period, and disaggregated by type of credential, certification, or degree—

“(I) the number and percentage of students who have successfully obtained a postsecondary education credential, certification, or degree offered by such program or institution; and

“(II) the number and percentage of students who were enrolled and did not successfully obtain such a credential, certification, or degree within 150 percent of the program length.

“(ii) COUNTING TRANSFER STUDENTS.—For purposes of clause (i)(I), a student shall be counted as obtaining a credential, certification, or degree offered by a program or institution that was accredited by the entity during the period for which the report under this subparagraph is being submitted, if the student obtains such credential, certification, or degree after transferring to another institution during such period.

“(2) AUTHORITY TO PROVIDE AN ACCELERATED PATH TO RECOGNITION.—With respect to a prospective accrediting agency or association that submits to the Secretary an application for initial recognition under this Act, the Secretary may provide such recognition to such agency or association within 2 years after receipt of such application, if such application—

“(A) demonstrates that the agency or association—

“(i) has at least one year of experience in making accreditation or preaccreditation decisions; and

“(ii) has policies in place that meet all the criteria under subsection (a) for recognition covering the range of the specific degrees, certificates, institutions, or program of study for which the agency or association seeks such recognition; and

“(B) provides an assurance that if the agency or association receives such recognition, the agency or association will submit to the Secretary monitoring reports regarding accreditation or preaccreditation decisions, as appropriate.

“(3) DEVELOPMENT OF COMMON TERMINOLOGY.—Not later than 18 months after the date of enactment of the College Cost Reduction Act, the Secretary shall—

“(A) convene a panel of experts to develop common terminology for accrediting agencies or associations to use in making accrediting decisions with respect to program of study or institutions, such as a common understanding of monitoring, warning, show cause, and other relevant statuses, as appropriate; and

“(B) publish the recommendations for such common terminology in the Federal Register with a 60-day public comment period.”.

(c) OPERATING PROCEDURES REQUIRED.—

(1) ON-SITE INSPECTIONS AND REVIEWS.—Paragraph (1) of section 496(c) (20 U.S.C. 1099b(c)) is amended—

(A) by inserting “(which may vary based on institutional risk consistent with policies promulgated by the agency or association to determine such risk and interval frequency as authorized under subsection (p))” after “intervals”; and

(B) by striking “, including those regarding distance education”.

(2) MECHANISM TO IDENTIFY INSTITUTIONS AND PROGRAMS EXPERIENCING DIFFICULTIES.—Section 496(c) (20 U.S.C. 1099b(c)) is further amended—

(A) by redesignating paragraphs (2) through (9) as paragraphs (3) through (10), respectively; and

(B) by inserting after paragraph (1) the following:

“(2) develops a policy process to identify any institution or program of study accredited by the agency or association that is not meeting the standards for accreditation of the agency or association, with a focus on the standards assessing an institution’s or program of study’s student achievement outcomes described in subsection (a)(5)(A), and other indicators, which shall include—

“(A) not less than annually, evaluating the extent to which such an identified institution or program of study continues to be in compliance with such standards or other indicators; and

“(B) as appropriate, requiring the institution or program of study to submit a plan, on an annual basis, to the accrediting agency or association to—

“(i) address and remedy performance issues with respect to such compliance; and

“(ii) ensure that such plan is successfully implemented.”.

(3) PROCEDURES WITH RESPECT TO SUBSTANTIVE CHANGES.—Paragraph (5) of section 496(c) (20 U.S.C. 1099b(c)) (as redesignated by paragraph (2)(A)) is amended to read as follows:

“(5) establishes and applies or maintains policies, which ensure that any substantive change to the educational mission, program of study, or program of study of an institution after the agency or association has granted the institution accreditation or preaccreditation status does not adversely affect the capacity of the institution to continue to meet the agency’s or association’s standards for such accreditation or preaccreditation status, which shall include policies that—

“(A) require the institution to obtain the agency’s or association’s approval of the substantive change before the agency or association includes the change in the scope of the institution’s accreditation or preaccreditation status; and

“(B) define substantive change to include, at a minimum—

“(i) any change in the established mission or objectives of the institution;

“(ii) any change in the legal status, form of control, or ownership of the institution, including the acquisition or addition of any other institution or new location where more than 50 percent of a program is offered;

“(iii) the addition of program of study at a higher credential level from the credential level previously accredited by the agency or association; or

“(iv) the entering into a contract under which an institution or organization not certified to participate in programs under this title offers more than 25 percent but less than 50 percent of the instruction of an educational program of the institution with such accreditation or preaccreditation status;”.

(4) PUBLIC AVAILABILITY.—Section 496(c) (20 U.S.C. 1099b(c)) is further amended—

(A) in paragraph (8) (as redesignated by paragraph (2)(A))—

(i) in the matter preceding subparagraph (A), by inserting “, on the agency’s or association’s website,” after “public”; and

(ii) in subparagraph (C), by inserting before the semicolon at the end the following: “, and a summary of why such action was taken or such placement was made”;

(B) in paragraph (9) (as so redesignated), by striking “and” at the end;

(C) in paragraph (10)(B) (as so redesignated), by striking the period at the end and inserting the following: “, including an assurance that the institution does not deny a transfer of credit based solely on the accreditation of the institution at which the credit was earned;”; and

(D) by adding at the end the following:

“(11) such agency or association shall make publicly available, on the agency or association’s website, a list of the institutions of higher education or program of study accredited by such agency or association, which includes, with respect to each such institution or program of study—

“(A) the year accreditation was granted;

“(B) the most recent date of an award of accreditation or reaccreditation;

and

“(C) the anticipated date of the institution’s next evaluation for reaccreditation;”.

(5) PROHIBITION ON LITMUS TESTS.—Section 496(c) (20 U.S.C. 1099b(c)) is further amended by adding at the end the following:

“(12) confirms that the standards for accreditation of the agency or association do not—

“(A) except as provided in subparagraph (B)—

“(i) require, encourage, or coerce any institution to—

“(I) support, oppose, or commit to supporting or opposing—

“(aa) a specific partisan, political, or ideological viewpoint or belief or set of such viewpoints or beliefs; or

“(bb) a specific viewpoint or belief or set of viewpoints or beliefs on social, cultural, or political issues; or

“(II) support or commit to supporting the disparate treatment of any individual or group of individuals on the basis of any protected class under Federal civil rights law, except as required by Federal law or a court order; or

“(ii) assess an institution’s or program of study’s commitment to any ideology, belief, or viewpoint; or

“(B) prohibit an institution—

“(i) from having a religious mission or from requiring an applicant, student, employee, or independent contractor (such as an adjunct professor) of such an institution to—

“(I) provide or adhere to a statement of faith; or

“(II) adhere to a code of conduct consistent with the stated religious mission of such institution or the religious tenets of such organization; or

“(ii) from requiring an applicant, student, employee, or contractor to take an oath to uphold the Constitution of the United States; or

“(C) require, encourage, or coerce an institution of higher education to violate any right protected by the Constitution;”.

(6) PROHIBITION ON ASSESSMENT OF ELECTED OR APPOINTED OFFICIALS.—Section 496(c) (20 U.S.C. 1099b(c)) is further amended by adding at the end the following:

“(13) confirms that the standards for accreditation of the agency or association do not assess the roles (including actions or statements) of elected and appointed State and Federal officials and legislative bodies; and”.

(7) PROHIBITION OF PRACTICES THAT DRIVE CREDENTIAL INFLATION.—Section 496(c) (20 U.S.C. 1099b(c)) is further amended by adding at the end the following:

“(14) confirms that the standards for accreditation of the agency or association do not require an institution to develop a program of study leading to a

degree, certificate, or recognized postsecondary credential that is not in response to the needs of an industry or occupation.”.

(d) LENGTH OF RECOGNITION.—Subsection (d) of section 496 (20 U.S.C. 1099b) is amended—

(1) by striking “No accrediting” and inserting the following:

“(1) IN GENERAL.—Except as otherwise provided in paragraph (2), no accrediting”; and

(2) by adding at the end the following new paragraph:

“(2) LONGER RECOGNITION AUTHORIZED FOR CERTAIN AGENCIES AND ASSOCIATIONS.—Notwithstanding paragraph (1), an accrediting agency or association that has been recognized by the Secretary for the purpose of this Act for a period of 5 years, may be recognized for an additional period of up to 3 years, if the Secretary determines, based on the performance of the accrediting agency or association during its recognition period under this Act, that the accrediting agency or association—

“(A) has the capability to evaluate the quality of institutions or program of study; and

“(B) has maintained compliance with the criteria for accrediting agencies or associations required by this section.”.

(e) LIMITATION ON SCOPE OF CRITERIA.—Section 496 (20 U.S.C. 1099b) is further amended by amending subsection (g) to read as follows:

“(g) LIMITATION ON SCOPE OF CRITERIA.—

“(1) IN GENERAL.—The Secretary shall not establish criteria for accrediting agencies or associations that are not required by this section.

“(2) INSTITUTIONAL ELIGIBILITY.—An institution of higher education shall be eligible for participation in programs under this title if the institution is in compliance with the standards of its accrediting agency or association that assess the institution in accordance with subsection (a)(5), regardless of any additional standards adopted by the agency or association for purposes unrelated to participation in programs under this title.”.

(f) CHANGE OF ACCREDITING AGENCY.—Section 496 (20 U.S.C. 1099b) is further amended by amending subsection (h) to read as follows:

“(h) CHANGE OF ACCREDITING AGENCY OR ASSOCIATION.—

“(1) IN GENERAL.—The Secretary shall recognize the accreditation of any otherwise eligible institution or program of study if the institution (or program) is in the process of changing its accrediting agency or association, unless the institution (or program) is subject to one or more covered actions.

“(2) COVERED ACTION DEFINED.—For purposes of this subsection, the term ‘covered action’ means one or more of the following, when used with respect to an institution or program of study:

“(A) A pending or final action brought by a State agency to suspend, revoke, withdraw, or terminate the institution’s legal authority to provide postsecondary education in the State.

“(B) A decision by a recognized accrediting agency or association to deny accreditation or preaccreditation to the institution or program of study.

“(C) A pending or final action brought by a recognized accrediting agency or association to suspend, revoke, withdraw, or terminate the institution’s or program of study’s accreditation or preaccreditation.

“(D) Probation or an equivalent status imposed on the institution or program of study by a recognized accrediting agency or association.

“(3) INSTITUTIONS OF HIGHER EDUCATION NOT SUBJECT TO COVERED ACTIONS.—An institution (or program of study) that is not subject to a covered action described in paragraph (1) and that desires to change its accrediting agency or association for a reason not related to any such covered action (such as compliance with State law) may make such a change without the approval of the Secretary, as long as the institution (or program) and the new accrediting agency or association of the institution (or program), not later than 30 days after the accreditation decision by such agency or association, notify the Secretary, in writing, of the effective date of the institution’s (or program’s) accreditation by such agency or association.”.

(g) DUAL ACCREDITATION RULE.—Section 496 (20 U.S.C. 1099b) is further amended by amending subsection (i) to read as follows:

“(i) DUAL ACCREDITATION RULE.—

“(1) RECOGNITION BY SECRETARY.—The Secretary shall recognize the accreditation of any otherwise eligible institution of higher education if the institution of higher education is accredited, as an institution, by more than one accrediting agency or association.

“(2) DESIGNATION BY INSTITUTION.—If the institution is accredited, as an institution, by more than one accrediting agency or association, the institution—

“(A) shall designate which agency’s or association’s accreditation shall be utilized in determining the institution’s eligibility for participation in programs under this Act; and

“(B) may change this designation at the end of the institution’s period of recognition.”

(h) RELIGIOUS INSTITUTIONS RULE.—Section 496 (20 U.S.C. 1099b) is further amended by amending subsection (k) to read as follows:

“(k) RELIGIOUS INSTITUTION RULE.—

“(1) IN GENERAL.—Notwithstanding subsection (j), the Secretary shall allow an institution that has had its accreditation withdrawn, revoked, or otherwise terminated, or has voluntarily withdrawn from an accreditation agency, to remain certified as an institution of higher education under section 102 and subpart 3 of this part for a period sufficient to allow such institution to obtain alternative accreditation, if the Secretary determines that the withdrawal, revocation, or termination—

“(A) is related to the religious mission or affiliation of the institution; and

“(B) is not related to the accreditation criteria provided for in this section.

“(2) ADMINISTRATIVE COMPLAINT FOR FAILURE TO RESPECT RELIGIOUS MISSION.—

“(A) IN GENERAL.—

“(i) INSTITUTION.—If an institution of higher education believes that an adverse action of an accrediting agency or association fails to respect the institution’s religious mission in violation of subsection (a)(4)(B), the institution—

“(I) may file a complaint with the Secretary to review the adverse action of the agency or association; and

“(II) prior to filing such complaint, shall notify the Secretary and the agency or association of an intent to file such complaint not later than 30 days after—

“(aa) receiving the adverse action from the agency or association; or

“(bb) determining that discussions with or the processes of the agency or association to remedy the failure to respect the religious mission of the institution will fail to result in the withdrawal of the adverse action by the agency or association.

“(ii) ACCREDITING AGENCY OR ASSOCIATION.—Upon notification of an intent to file a complaint and through the duration of the complaint process under this paragraph, the Secretary and the accrediting agency or association shall treat the accreditation status of the institution of higher education as if the adverse action for which the institution is filing the complaint had not been taken.

“(B) COMPLAINT.—Not later than 45 days after providing notice of the intent to file a complaint, the institution shall file the complaint with the Secretary (and provide a copy to the accrediting agency or association), which shall include—

“(i) a description of the adverse action;

“(ii) how the adverse action fails to respect the institution’s religious mission in violation of subsection (a)(4)(B); and

“(iii) any other information the institution determines relevant to the complaint.

“(C) RESPONSE.—

“(i) IN GENERAL.—The accrediting agency or association shall have 30 days from the date the complaint is filed with the Secretary to file with the Secretary (and provide a copy to the institution) a response to the complaint, which response shall include—

“(I) how the adverse action is based on a violation of the agency or association’s standards for accreditation; and

“(II) how the adverse action does not fail to respect the religious mission of the institution and is in compliance with subsection (a)(4)(B).

“(ii) BURDEN OF PROOF.—

“(I) IN GENERAL.—The accrediting agency or association shall bear the burden of proving that the agency or association has not taken the adverse action as a result of the institution’s religious mission, and that the action does not fail to respect the institution’s religious mission in violation of subsection (a)(4)(B), by showing that the adverse action does not impact the aspect of the religious mission claimed to be affected in the complaint.

“(II) INSUFFICIENT PROOF.—Any evidence that the adverse action results from the application of a neutral and generally applicable rule shall be insufficient to prove that the action does not fail to respect an institution’s religious mission.

“(D) ADDITIONAL INSTITUTION RESPONSE.—The institution shall have 30 days from the date on which the agency or association’s response is filed with the Secretary to—

“(i) file with the Secretary (and provide a copy to the agency or association) a response to any issues raised in the response of the agency or association; or

“(ii) inform the Secretary and the agency or association that the institution elects to waive the right to respond to the response of the agency or association.

“(E) SECRETARIAL ACTION.—

“(i) IN GENERAL.—Not later than 30 days of receipt of the institution’s response under subparagraph (D) or notification that the institution elects not to file a response under such subparagraph—

“(I) the Secretary shall review the materials to determine if the accrediting agency or association has met its burden of proof under subparagraph (C)(ii)(I); or

“(II) in a case in which the Secretary fails to conduct such review—

“(aa) the Secretary shall be deemed as determining that the adverse action fails to respect the religious mission of the institution; and

“(bb) the accrediting agency or association shall be required to reverse the action immediately and take no further action with respect to such adverse action.

“(ii) REVIEW OF COMPLAINT.—In reviewing the complaint under clause

(i)(I)—

“(I) the Secretary shall consider the institution to be correct in the assertion that the adverse action fails to respect the institution’s religious mission and shall apply the burden of proof described in subparagraph (C)(ii)(I) with respect to the accrediting agency or association; and

“(II) if the Secretary determines that the accrediting agency or association fails to meet such burden of proof—

“(aa) the Secretary shall notify the institution and the agency or association that the agency or association is not in compliance with subsection (a)(4)(B), and that such agency or association shall carry out the requirements of item (bb) to be in compliance with subsection (a)(4)(B); and

“(bb) the agency or association shall reverse the adverse action immediately and take no further action with respect to such adverse action.

“(iii) FINAL DEPARTMENTAL ACTION.—The Secretary’s determination under this subparagraph shall be the final action of the Department on the complaint.

“(F) RULE OF CONSTRUCTION.—Nothing in this paragraph shall prohibit—

“(i) an accrediting agency or association from taking an adverse action against an institution of higher education for a failure to comply with the agency or association’s standards of accreditation as long as such standards are in compliance with subsection (a)(4)(B) and any other applicable requirements of this section; or

“(ii) an institution of higher education from exercising any other rights to address concerns with respect to an accrediting agency or association or the accreditation process of an accrediting agency or association.

“(G) GUIDANCE.—

“(i) IN GENERAL.—The Secretary may only issue guidance under this paragraph that explains or clarifies the process for providing notice of an intent to file a complaint or for filing a complaint under this paragraph.

“(ii) CLARIFICATION.—The Secretary may not issue guidance, or otherwise determine or suggest, when discussions to remedy the failure by an accrediting agency or association to respect the religious mission of an institution of higher education referred to in subparagraph (A)(i)(II)(bb) have failed or will fail.

“(3) RELIGIOUS MISSION DEFINED.—In this Act, the term ‘religious mission’—

“(A) means a published institutional mission that is approved by the governing body of an institution of higher education and that includes, refers to, or is predicated upon religious tenets, beliefs, or teachings; and

“(B) may be reflected in any of the institution’s policies, decisions, or practices related to such tenets, beliefs, or teachings (including any policies or decisions concerning housing, employment, curriculum, self-governance, or student admission, continuing enrollment, or graduation).”.

(i) INDEPENDENT EVALUATION.—Section 496(n)(3) (20 U.S.C. 1099b(n)(3)) is amended by striking the last sentence.

(j) REGULATIONS.—Section 496(o) (20 U.S.C. 1099b(o)) is amended by inserting before the period at the end the following: “, or with respect to the policies and procedures of an accreditation agency or association described in paragraph (2) or (5) of subsection (c) or how the agency or association carries out such policies and procedures”.

(k) RISK-BASED REVIEW PROCESSES OR PROCEDURES; WAIVER.—Section 496 (20 U.S.C. 1099b) is further amended—

(1) by striking subsections (p) and (q); and

(2) by adding at the end the following:

“(p) RISK-BASED OR DIFFERENTIATED REVIEW PROCESSES OR PROCEDURES.—

“(1) IN GENERAL.—Notwithstanding any other provision of law (including subsection (a)(4)(A)), an accrediting agency or association shall establish risk-based processes or procedures for assessing compliance with the accrediting agency or association’s standards (including policies related to substantive change and award of accreditation statuses) under which the agency or association—

“(A) creates a system for understanding an institution’s or program of study’s performance in comparison with other similarly situated institutions or programs of study (which may include past performance with respect to meeting the accrediting agency or association’s standards, including the standards relating to the student achievement outcomes described in subclauses (I) through (IV) of subsection (a)(5)(A));

“(B) requires for each institution and program of study designated as high-risk, in accordance with the accrediting agency or association’s system in subparagraph (A), to submit the annual plans described in subsection (c)(2)(B) to the agency or association that address the performance issues of such institution or program of study that resulted in such designation;

“(C) with respect to institutions or program of study meeting or exceeding performance as described in subparagraph (A), reduces any compliance requirements with the standards of accreditation of the agency that are not assessing an institution or program of study under subsection (a)(5), such as on-site inspections; and

“(D) may require an institution or program of study that has declining performance (such as an institution or program of study with a high-risk designation under subparagraph (B)), which has not improved as required by the annual plan submitted under subsection (c)(2)(B), to take actions to avoid or minimize the risks that may lead to revocation of accreditation (such as limiting certain program of study enrollment or recommending to the Secretary to limit funds under this title for such an institution or program.

“(2) PROHIBITION.—Any risk-based review process or procedure established pursuant to this subsection shall not discriminate against, or otherwise preclude, institutions of higher education based on institutional sector or category, including an institution of higher education’s tax status.”.

(l) TOTAL PRICE DEFINED.—Section 496 (20 U.S.C. 1099b) is further amended by adding at the end the following:

“(q) TOTAL PRICE DEFINED.—For purposes of this section, the term ‘total price’ has the meaning given such term in section 454(d)(3).”.

SEC. 312. NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY (NACIQI).

Section 114 (20 U.S.C. 1011c) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively, and adjusting the margins accordingly;

(B) by striking “Individuals” and inserting the following:

“(A) IN GENERAL.—Individuals”;

(C) in clause (ii), as so redesignated, by striking “and training” and inserting “skills development”;

(D) by adding at the end of paragraph (2) the following:

“(B) DISQUALIFICATION.—No individual may be appointed as a member of the Committee if such individual has a significant conflict of interest, such

as being a current regulator (such as a State authorizer), that would require the individual to frequently be recused from serving as a member of the Committee.”; and

(E) in paragraph (3), by striking “Except as provided in paragraph (5), the term” and inserting “The term”;

(2) in subsection (c)—

(A) in paragraph (4), by adding “and” at the end;

(B) in paragraph (5), by striking “; and” at the end and inserting a period; and

(C) by striking paragraph (6);

(3) in subsection (d)(2), by inserting at the end the following: “The name of any member of the Committee who has been recused with respect to an agenda item of the meeting shall be included in such agenda.”;

(4) in subsection (e)(2)(D), by striking “, including any additional functions established by the Secretary through regulation”; and

(5) in subsection (f), by striking “September 30, 2021” and inserting “September 30, 2028”.

SEC. 313. ALTERNATIVE QUALITY ASSURANCE EXPERIMENTAL SITE INITIATIVE.

Section 487A of the Higher Education Act of 1965 (20 U.S.C. 1094a) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the end the following:

“(c) **ALTERNATIVE QUALITY ASSURANCE EXPERIMENTAL SITE INITIATIVE.**—

“(1) **EXPERIMENTAL SITE AUTHORIZED.**—The Secretary shall select, in accordance with paragraph (4), eligible entities that voluntarily seek to participate in an Alternative Quality Assurance experimental site initiative for a duration of 5 years and receive the waivers or other flexibility described in paragraph (5) to evaluate whether the eligible entities, during such 5-year period, can maintain high student achievement outcomes while participating in programs under this title without being accredited by an accrediting agency or association recognized under section 496.

“(2) **ELIGIBLE ENTITY DEFINED.**—For purposes of this subsection, an eligibility entity means—

“(A) an institution of higher education (as defined in section 102); or

“(B) an educational provider that—

“(i) is not an institution of higher education;

“(ii) does not receive funding under this Act;

“(iii) is not accredited by an accrediting agency or association for the purposes of this title; and

“(iv) is authorized to operate in the State in which the provider is located.

“(3) **APPLICATION.**—

“(A) **IN GENERAL.**—Each eligible entity desiring to participate in the experimental site initiative under this subsection shall submit an application to the Secretary, at such time and in such manner as the Secretary may require, which shall contain the information described in subparagraph (B). The Secretary may not require any information in such an application that is not described in subparagraph (B).

“(B) **CONTENTS.**—Each application under paragraph (1) shall include—

“(i) a description of which program of study offered at the eligible entity will be included in the experimental site initiative, including—

“(I) in the case of an eligible entity that is an institution of higher education, an attestation that such program meets the standards of accreditation of the institution’s accrediting agency or association described in clauses (i) through (iv) of section 496(a)(5)(A) (including the standard requiring that the median value-added earnings of students who complete the program are greater than the median total price charged to students for the program); and

“(II) in the case of an eligible entity defined in paragraph (2)(B), documentation and verified administrative data that the program meets standards similar to the standards of accreditation referenced in subclause (I);

“(ii) a justification of the reason why the eligible entity seeks to receive the waiver described in paragraph (5)(A), including estimates or documentation of the potential savings to the entity of receiving such waiver; and

“(iii) a description of how the eligible entity plans to share the financial risk with the Secretary of receiving the waivers described in paragraph (5), such as by—

“(I) providing matching non-Federal funds to the Secretary to cover the cost of at least half of the expected disbursements under this title to the students that enroll in such program for the first year of the experiment;

“(II) providing a letter of credit to the Secretary to cover the cost described in subclause (I); or

“(III) requesting to be placed on a reimbursement system of payment.

“(4) SELECTION.—No later than 6 months after the experimental site initiative is announced, the Secretary shall select eligible entities to participate in the initiative based on the applications submitted under paragraph (3). In making such selections, the Secretary—

“(A) shall consider—

“(i) the number and quality of applications;

“(ii) each applicant’s ability to effectively share the financial risk as required under paragraph (3)(B)(iii); and

“(iii) in the case of an applicant that is an institution of higher education, the applicant’s history of compliance with the requirements of this Act;

“(B) shall ensure that the selected eligible entities represent a variety of eligible entities with respect to size, mission, and geographic distribution;

“(C) shall ensure that the number of eligible entities selected that are institutions of higher education described in paragraph (2)(B) is equal to the number of eligible entities selected that are educational providers described in paragraph (2)(B); and

“(D) may not select any eligible entity whose approval to operate in a State is at risk.

“(5) WAIVERS.—The Secretary is authorized to waive, for any eligible entity participating in the experimental site initiative under this subsection—

“(A) any requirements conditioning an eligible entity’s eligibility to participate in programs under this title to being accredited by an accrediting agency or association recognized under section 496; and

“(B) any other requirements of this title determined necessary by the Secretary to carry out such initiative (including requirements related to the award process and disbursement of student financial aid, or other management procedures or processes), except that the Secretary shall not waive any provisions with respect to award rules (other than an award rule related to an experiment in modular or compressed schedules), grant and loan maximum award amounts, and need analysis requirements, unless the waiver of such provisions is authorized by another provision under this title.

“(6) REVIEW AND EVALUATION.—

“(A) IN GENERAL.—The Secretary shall review and evaluate the experimental site initiative conducted under this subsection, including by evaluating, with respect to each participating program of each participating eligible entity, whether—

“(i) the median value-added earnings of students who complete the program of study are greater than the median total price charged to students for such program; and

“(ii) the program of study is meeting other student achievement outcomes (such as outcomes based on standards of accreditation described in section 496(a)(5)(A)), as appropriate for the program.

“(B) RECOMMENDATIONS.—If, based on such evaluation, the Secretary determines that participating eligible entities were able to meet the requirement of subparagraph (A)(i) and the other student achievement outcomes evaluated by the Secretary under subparagraph (A)(ii), the Secretary shall submit to the authorizing committees recommendations regarding amendments to this Act that will streamline and enhance the quality assurance process of institutions of higher education, and educational providers described in paragraph (2)(B).”

PART B—STUDENT SUCCESS

SEC. 321. POSTSECONDARY STUDENT SUCCESS GRANTS.

Part B of title VII of the Higher Education Act of 1965 (20 U.S.C. 1138 et seq.) is amended—

(1) in section 741—

(A) by striking subsections (b), (c), (e), and (f);

- (B) by redesignating subsection (d) as subsection (c); and
 (C) by inserting after subsection (a) the following:
- “(b) GRANTS.—
- “(1) DEFINITIONS.—In this subsection:
- “(A) COMPLETION RATE.—The term ‘completion rate’ means—
- “(i) the percentage of students from an initial cohort enrolled at an institution of higher education that is a 2-year institution who have graduated from the institution or transferred to a 4-year institution of higher education; or
- “(ii) the percentage of students from an initial cohort enrolled at an institution of higher education in the State that is a 4-year institution who have graduated from the institution.
- “(B) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—
- “(i) an institution of higher education;
- “(ii) a partnership between a nonprofit educational organization and an institution of higher education; and
- “(iii) a consortium of institutions of higher education.
- “(C) ELIGIBLE INDIAN ENTITY.—The term ‘eligible Indian entity’ means the entity responsible for the governance, operation, or control of a Tribal College or University.
- “(D) EVIDENCE-BASED.—The term ‘evidence-based’ has the meaning given the term in section 8101(21)(A) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801(21)(A)), except that such term shall also apply to institutions of higher education.
- “(E) EVIDENCE TIERS.—
- “(i) EVIDENCE TIER 1 REFORM OR PRACTICE.—The term ‘evidence tier 1 reform or practice’ means a reform or practice that prior research suggests has promise for the purpose of successfully improving student achievement or attainment for high-need students.
- “(ii) EVIDENCE TIER 2 REFORM OR PRACTICE.—The term ‘evidence tier 2 reform or practice’ means a reform or practice described in clause (i), or other practice meeting similar criteria, that measures impact and cost effectiveness of student success activities, and, through rigorous evaluation (including through the use of existing administrative data, as applicable), has been found to be successfully implemented.
- “(iii) EVIDENCE TIER 3 REFORM OR PRACTICE.—The term ‘evidence tier 3 reform or practice’ means a reform or practice described in clause (ii), or other practice meeting similar criteria, that has been found to produce sizable, important impacts on student success and—
- “(I) determines whether such impacts can be successfully reproduced and sustained over time; and
- “(II) identifies the conditions in which such reform or practice is most effective.
- “(F) FIRST GENERATION COLLEGE STUDENT.—The term ‘first generation college student’ has the meaning given the term in section 402A(h) of the Higher Education Act of 1965 (20 U.S.C. 1070a–11(h)).
- “(G) HIGH-NEED STUDENT.—The term ‘high-need student’ means—
- “(i) a student from low-income background;
- “(ii) first generation college students;
- “(iii) caregiver students;
- “(iv) students with disabilities;
- “(v) students who stopped out before completing;
- “(vi) reentering justice-impacted students; and
- “(vii) military-connected students.
- “(H) SECRETARY.—The term ‘Secretary’ means the Secretary of Education.
- “(I) TRIBAL COLLEGE OR UNIVERSITY.—The term ‘Tribal College or University’ has the meaning given the term in section 316(b) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b)).
- “(2) RESERVATION OF FUNDS FOR ELIGIBLE INDIAN ENTITIES.—From the total amount appropriated to carry out this subsection for a fiscal year, the Secretary shall reserve 2 percent for grants to eligible Indian entities to increase participation and completion rates of high-need students.
- “(3) AUTHORIZATION OF POSTSECONDARY STUDENT SUCCESS COMPETITIVE GRANTS.—
- “(A) GRANT AUTHORIZATION.—For each of fiscal years 2025 through 2030, the Secretary shall award, on a competitive basis, grants to eligible entities to provide student services to increase participation, retention, and completion rates of high-need students.

“(B) APPLICATION.—An eligible entity desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing the information required under subparagraph (C).

“(C) CONTENTS.—An application submitted under this paragraph shall include the following:

“(i) A plan to increase, with respect to all students enrolled at the institution of higher education, attainment and completion rates or graduation rates, including—

“(I) a description of which evidence tiers would be met by the evidence-based reforms or practices; and

“(II) a particular focus on serving high-need students through student services and collaboration among 2-year programs, 4-year programs, and workforce systems.

“(ii) Annual benchmarks for student outcomes with respect to evidence-based reforms or practices.

“(iii) A plan to evaluate the evidence-based reforms or practices carried out pursuant to a grant received under this subsection.

“(iv) Rates of enrolled students who received a Federal Pell Grant under section 401.

“(v) Demographics of enrolled students, including high-need students.

“(vi) A description of how the eligible entity will, directly or in collaboration with institutions of higher education or nonprofit organizations, use the grant funds to implement 1 or more of the following evidence-based reforms or practices:

“(I) Providing comprehensive academic, career, and student services, which may include mentoring, advising, or case management services.

“(II) Providing accelerated learning opportunities, which may include dual or concurrent enrollment programs and early college high school programs.

“(III) Reforming course scheduling or credit-awarding policies.

“(IV) Improving transfer pathways between the institution of higher education, or eligible Indian entity, and other institutions of higher education.

“(vii) A description of how the evidence-based reforms or practices carried out pursuant to a grant under this subsection will be sustained once the grant expires.

“(D) EVIDENCE-BASED STUDENT SUCCESS PROGRAMS.—From the total amount appropriated to carry out this subsection for a fiscal year and not reserved under paragraph (4), the Secretary shall reserve not less than 20 percent to award grants to eligible entities with applications that propose to include reforms or practices—

“(i) at least 1 of which is a tier 3 reform or practice; and

“(ii) the rest of which are tier 1 or tier 2 reforms or practices.

“(E) REQUIRED USE OF FUNDS.—An eligible entity that receives a grant under this section shall use the grant funds to carry out the plans submitted pursuant to subparagraph (C) and for evidence-based reforms or practices for improving retention and completion rates of students that may include the following:

“(i) Student services to support retention, completion, and success, which may include—

“(I) faculty and peer counseling;

“(II) use of real-time data on student progress;

“(III) improving transfer student success; and

“(IV) incentives for students to re-enroll or stay on track.

“(ii) Direct student support services, including a combination of—

“(I) tutoring, academic supports, and enrichment services; and

“(II) emergency financial assistance.

“(iii) Efforts to prepare students for a career, which may include—

“(I) career coaching, career counseling and planning services, and efforts to lower student to advisor ratios;

“(II) networking and work-based learning opportunities to support the development of skills and professional relationships;

“(III) utilizing career pathways; and

“(IV) boosting experiences necessary to obtain and succeed in high-wage, high-skilled, (as described in section 122 of the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2342)) or in-demand industry sectors or occupations (as defined in

section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102)).

“(iv) Efforts to recruit and retain faculty and other instructional staff.

“(F) PERMISSIVE USE OF FUNDS.—From the total amount appropriated to carry out this subsection for a fiscal year, and not reserved under paragraph (4) or subparagraph (D), the Secretary may set aside—

“(i) not more than 5 percent for administration, capacity building, research, evaluation, and reporting; and

“(ii) not more than 2 percent for technical assistance to eligible entities.

“(G) EVALUATIONS.—

“(i) IN GENERAL.—For the purpose of improving the effectiveness of the evidence-based reforms or practices carried out by eligible entities pursuant to a grant under this subsection, the Secretary shall make grants to or enter into contracts with one or more organizations to—

“(I) evaluate the effectiveness of such reforms or practices; and

“(II) disseminate information on the impact of such reforms or practices in increasing completion and retention activities of students, as well as other appropriate measures.

“(ii) ISSUES TO BE EVALUATED.—The evaluations required under clause (i) shall measure the effectiveness of the evidence-based reforms or practices carried out by eligible entities pursuant to a grant under this subsection in—

“(I) whether such eligible entity implemented the plans, and carried out the activities, described in subparagraph (C); and

“(II) comparing the completion and retention rates of students who participated in such reforms or practices with the rates of students of similar backgrounds who did not participate in such reforms or practices.

“(iii) RESULTS.—Not later than 18 months after the date of the enactment of this subsection, the Secretary shall submit to the authorizing committees a final report.

“(H) GRANT LIMIT.—An institution with branch campuses that is an eligible entity may only receive a grant under this subsection for 1 campus of such institution at a time.

“(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection, \$45,000,000, for each of fiscal years 2026 through 2031.”; and

(2) by striking sections 742 through 745.

SEC. 322. REVERSE TRANSFER EFFICIENCY ACT.

Section 444(b)(1) of the General Education Provisions Act (20 U.S.C. 1232g(b)(1)) is amended—

(1) in subparagraph (K)(ii), by striking “; and” and inserting a semicolon;

(2) in subparagraph (L), by striking the period at the end and inserting “; and”; and

(3) by inserting after subparagraph (L) the following:

“(M) an institution of postsecondary education in which a student was previously enrolled, to which records of postsecondary coursework and credits are sent for the purpose of applying such coursework and credits toward completion of a recognized postsecondary credential (as that term is defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102)), upon condition that the student provides written consent prior to receiving such credential.”.

SEC. 323. TRANSPARENT AND FAIR TRANSFER OF CREDIT POLICIES.

Section 485(h) of the Higher Education Act of 1965 (20 U.S.C. 1092(h)) is amended—

(1) in paragraph (1)(A), by inserting “, including with respect to the acceptance or denial of such credit” after “higher education”; and

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

“(2) DENIAL OF CREDIT TRANSFER.—An institution may not establish a transfer of credit policy which denies credit earned at another institution based solely on the source of accreditation of such other institution, provided that such other institution is accredited by an agency or association that is recognized by the Secretary pursuant to section 496.”.

PURPOSE

The purpose of H.R. 6951, the *College Cost Reduction Act*, is to lower the cost of postsecondary education for students and families.

COMMITTEE ACTION

117TH CONGRESS

First Session—Hearings

On March 17, 2021, the Committee's Subcommittee on Higher Education and Workforce Development held a hearing on "Rising to the Challenge: The Future of Higher Education Post COVID-19" to examine challenges and opportunities in postsecondary education following the COVID-19 pandemic. Testifying before the Subcommittee were Dr. Lindsey M. Burke, Fellow, Heritage Foundation, Washington, D.C.; Mr. Keith Thorton Jr., Student, Florida International University, Miami, Florida; Mr. Eloy Oritz Oakley, Chancellor, California Community Colleges, Sacramento, California; and Mr. Daniel Zibel, Vice President and Chief Counsel, National Student Legal Defense Network, Washington, D.C.

On April 20, 2021, the Full Committee held a hearing on "For-Profit College Conversions: Examining Ways to Improve Accountability and Fraud" to examine ways to improve the process for and oversight of college mergers, conversions, and changes of ownership. Testifying before the Committee were Ms. Melissa Emrey-Arras, Director of Education, Workforce, and Income Security, Government Accountability Office, Washington, D.C.; Dr. Andrew Gillen, Senior Policy Analyst, Texas Public Policy Foundation, Austin, Texas; Ms. Yan Cao, Fellow, The Century Foundation, Washington, D.C.; and Mr. Brian Galle, Professor, Georgetown University, Washington, D.C.

On April 28, 2021, the Full Committee held a hearing on "Building Back Better: Investing in Improving Schools, Creating Jobs, and Strengthening Families and Our Economy" to examine the implications of the proposed Build Back Better Act, which included provisions offering "free" community college and increased Pell Grants. Testifying before the Committee were Dr. Neal McCluskey, Director, Center for Educational Freedom, Cato Institute, Washington, D.C.; Mr. Brian Riedl, Senior Fellow, Manhattan Institute, New York, New York; Mr. Rasheed Malik, Senior Policy Analyst, Center for American Progress, Washington, D.C.; Mr. Mark Mitsui, President, Portland Community College, Portland, Oregon; Mr. Bob Lanter, Executive Director, California Workforce Association, Sacramento, California; and Ms. Mary Filardo, Executive Director, 21st Century School Fund, Washington, D.C.

On July 29, 2021, the Committee's Subcommittee on Higher Education and Workforce Development held a hearing on "Keeping the Pell Grant Promise: Increasing Enrollment, Supporting Success" to examine ways to improve the Pell Grant program as well as other policies to improve postsecondary opportunities and success for low-income students. Testifying before the Subcommittee were Dr. Justin Ortagus, Associate Professor of Higher Education Administration & Policy and Director of the Institute of Higher Education, University of Florida, Gainesville, Florida; Dr. Robert J. Jones, Chancellor, University of Illinois Urbana-Champaign, Champaign,

Illinois; Dr. Michael B. Poliakoff, President, American Council of Trustees and Alumni, Washington, D.C.; and Ms. Darleny Suriel, Student, City College of New York, New York, New York.

On September 30, 2021, the Committee's Subcommittee on Higher Education and Workforce Development held a hearing on "Protecting Students and Taxpayers: Improving the Closed School Discharge Process" to examine ways to improve the Department of Education's ability to protect students and taxpayers from precipitous school closures. Testifying before the Subcommittee were Ms. Melissa Emrey-Arras, Director of Education, Workforce, and Income Security, Government Accountability Office, Washington, D.C.; Ms. Karyn Rhodes, Student Borrower, Torrance, California; Mr. Preston Cooper, Research Fellow, Foundation for Research on Equal Opportunity, Washington, D.C.; and Ms. Robyn Smith, Senior Attorney, Legal Aid Foundation of Los Angeles, Los Angeles, California.

Second Session—Hearings

On March 2, 2022, the Committee's Subcommittee on Higher Education and Workforce Development held a hearing on "Investing in Economic Mobility: The Important Role of Hispanic Serving Institutions and Other Minority Serving Institutions" to examine the role that minority-serving institutions play in promoting economic mobility, which helped inform policies such as the PROMISE program included in H.R. 6951. Testifying before the Subcommittee were Dr. José Cruz Rivera, President, Northern Arizona University, Flagstaff, Arizona; Dr. Patricia Ramsey, President, Medgar Evers College, Brooklyn, New York; Dr. Janine Davidson, President, Metropolitan State University, Denver, Colorado; and Dr. Robert Teranishi, Professor of Social Science and Comparative Education, University of California Los Angeles, Los Angeles, California.

118TH CONGRESS

First Session—Hearings

On February 8, 2023, the Committee on Education and the Workforce held a hearing on "American Education in Crisis" to examine the state of American education, including K–12 education, postsecondary education, and workforce development. During the hearing, witness Dr. Monty Sullivan responded to a question from Ranking Member Scott that measuring earnings as a way to determine value was a key component of separating effective from ineffective programs. Dr. Sullivan also stated that America's worker shortage "is too big for America's public institutions only to solve." Mr. Scott Pulsipher echoed Dr. Sullivan, stating that the value of a program is more important than its modality. Testifying before the Committee were Mrs. Virginia Gentles, Director, Education Freedom Center, Independent Women's Forum, Arlington, Virginia; Dr. Monty Sullivan, President, Louisiana Community and Technical College System, Baton Rouge, Louisiana; Mr. Scott Pulsipher, President, Western Governors University, Salt Lake City, Utah; and The Hon. Jared Polis, Governor, State of Colorado, Denver, Colorado.

On March 23, 2023, the Committee's Subcommittee on Higher Education and Workforce Development held a hearing on "Breaking the System: Examining the Implications of Biden's Student Loan Policies for Students and Taxpayers." The purpose of the hearing was to discuss with policy experts the harms of the Biden administration's loan cancellation policies for students, taxpayers, and the economy. Testifying before the Subcommittee were Mr. Marc Goldwein, Senior Vice President and Senior Policy Director, Committee for a Responsible Federal Budget, Washington, D.C.; Dr. Adam Looney, Director, Marriner S. Eccles Institute for Economics and Quantitative Analysis, University of Utah, Salt Lake City, UT; Mr. Sameer Gadkaree, President, the Institute for College Access & Success, Los Angeles, California; Dr. Carlo Salerno, Economist and Financial Aid Expert, Los Angeles, California.

On May 16, 2023, the Committee on Education and the Workforce held a hearing on "Examining the Policies and Priorities of the U.S. Department of Education." The purpose of the hearing was to examine the policies and priorities of the U.S. Department of Education. Testifying before the Committee was the Honorable Miguel Cardona, Secretary, U.S. Department of Education, Washington, D.C.

On May 24, 2023, the Committee's Subcommittee on Higher Education and Workforce Development held a hearing on "Breaking the System Part II: Examining the Implications of Biden's Student Loan Policies for Students and Taxpayers." The purpose of the hearing was to discuss with policy experts the harms of the Biden administration's loan cancellation policies for students, taxpayers, and the economy. Testifying before the Subcommittee were the Honorable James Kvaal, Under Secretary of Education, U.S. Department of Education, Washington, D.C.; and Mr. Richard Cordray, Chief Operating Officer, Office of Federal Student Aid, U.S. Department of Education, Washington, D.C.

On June 14, 2023, the Committee on Education and the Workforce held a hearing on "Postsecondary Innovation: Preparing Today's Students for Tomorrow's Opportunities." The purpose of the hearing was to examine innovative ways to improve access, completion, workforce alignment, and student success in postsecondary education through innovative policies and practices. Testifying before the Committee were Dr. Tim Renick, Executive Director, National Institute for Student Success, Georgia State University; Mr. Keith Shoates, Chief Operating Officer, Student Freedom Initiative, Washington, D.C.; Ms. Lanae Erickson, Senior Vice President for Social Policy, Education and Politics, Third Way, Washington, D.C.; Dr. Lori Carrell, Chancellor, University of Minnesota Rochester and Co-Director, College-in-3 Initiative, Rochester, Minnesota.

On July 27, 2023, the Committee's Subcommittee on Higher Education and Workforce Development held a hearing on "Lowering the Costs and Increasing Value for Students, Institutions, and Taxpayers." The purpose of the hearing was to discuss ways in which the accountability system of the HEA can be reformed. During the hearing, witnesses testified that a return-on-investment metric would be an appropriate accountability metric. Testifying before the Subcommittee were Dr. Andrew Gillen, Senior Policy Analyst, Texas Public Policy Foundation, Austin, Texas; Mr. Michael Horn,

Co-Founder, Clayton Christensen Institute, Lexington, Massachusetts; Mr. Stig Leschly, Founder and President, Postsecondary Commission, Boston, Massachusetts; and Dr. Stephanie Cellini, Professor of Public Policy and Public Administration, and of Economics, The George Washington University, Washington, D.C.

Legislative Action

On March 27, 2023, Rep. Bob Good (R-VA) introduced H.J. Res. 45, providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Department of Education relating to “Waivers and Modifications of Federal Student Loans.” The bill was referred solely to the Committee on Education and the Workforce. On May 10, 2023, the Committee considered H.J. Res. 45 in legislative session and reported it favorably to the House of Representatives by a recorded vote of 24–18. On May 24, 2023, the full House considered H.J. Res. 45 and passed it by a recorded vote of 218–203. On June 1, 2023, the Senate passed H.J. Res. 45 by a vote of 52–46. On June 7, 2023, it was presented to and vetoed by President Biden. On June 21, 2023, the House failed to override the veto by a vote of 221–206.

On September 5, 2023, Rep. Lisa McClain (R-MI) introduced H.J. Res. 88, providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Department of Education relating to “Improving Income Driven Repayment for the William D. Ford Federal Direct Loan Program and the Federal Family Education Loan (FFEL) Program.” The bill was referred solely to the Committee on Education and the Workforce. On September 14, 2023, the Committee considered H.J. Res. 88 in legislative session and reported it favorably, as amended, to the House of Representatives by a recorded vote of 23 to 19. On December 7, 2023, the full House considered H.J. Res. 88 and passed it by a recorded vote of 210–189.

On December 5, 2023, Representatives Elise Stefanik (R-NY), Virginia Foxx (R-NC), Bobby Scott (D-VA), and Mark DeSaulnier (D-CA) introduced H.R. 6585, the Bipartisan Workforce Pell Act. The bill was referred solely to the Committee on Education and the Workforce. On December 12, 2023, the Committee considered H.R. 6585 in legislative session and reported it favorably, as amended, to the House of Representatives by a recorded vote of 37–8.

On January 11, 2024, Chairwoman Virginia Foxx introduced H.R. 6951, the College Cost Reduction Act, with Representatives Burgess Owens (R-UT), Glenn Grothman (R-WI), Rick Allen (R-GA), Lloyd Smucker (R-PA), Lisa McClain, Michelle Steel (R-CA), and Brandon Williams (R-NY) as original co-sponsors. On March 21, 2024, the Committee considered H.R. 6951 in a legislative session and reported it favorably, as amended, to the House of Representatives by a recorded vote of 22–19. The Committee considered the following amendments to H.R. 6951:

1. Rep. Owens offered an Amendment in the Nature of a Substitute that makes technical changes to the text. The amendment was adopted by voice vote.

2. Rep. Hayes (D-CT) offered an amendment that would increase the total maximum Pell Grant amount awarded during the 2025–2026 award year from the current amount of \$7,395 to \$10,000 and increase it incrementally thereafter. The

amendment was included in amendment En Bloc #1, which failed by a roll call vote of 17–22.

3. Rep. Hayes offered an amendment to that would provide federal student loan forgiveness for teachers. The amendment was included in amendment En Bloc #3, which failed by a roll call vote of 18–22.

4. Rep. Stevens (D–MI) offered an amendment that would make post baccalaureate students eligible to receive a Pell Grant. The amendment was included in amendment En Bloc #1, which failed by a roll call vote of 17–22.

5. Rep. DeSaulnier (D–CA) offered an amendment that would increase the total number of semesters a student can be eligible for Pell Grants from 12 to 18. The amendment was included in amendment En Bloc #1, which failed by a roll call vote of 17–22.

6. Rep. Courtney (D–CT) offered an amendment that would expand the Public Service Loan Forgiveness program. The amendment was included in amendment En Bloc #1, which failed by a roll call vote of 17–22.

7. Rep. Wilson (D–FL) offered an amendment that would allow graduate or professional students to be eligible to receive a federal Direct Stafford Loan, excluding graduate medical school, nursing school, veterinary school or a school located outside the U.S. The amendment was included in amendment En Bloc #1, which failed by a roll call vote of 17–22.

8. Rep. Stevens offered an amendment that would stipulate that nothing under the bill can be construed to prevent graduate students from exercising collective bargaining rights under the *National Labor Relations Act*. The amendment was included in amendment En Bloc #2, which failed by a roll call vote of 18–22.

9. Rep. Wilson offered an amendment that would strike a provision to repeal regulations related to financial value transparency and gainful employment, and stipulate that the Department of Education would not be permitted to promulgate or enforce any regulation or rules related to the application of the term “gainful employment.” The amendment was included in amendment En Bloc #4, which failed by a roll call vote of 19–22.

10. Ranking Member Scott (D–VA) offered an amendment that would establish an interest rate equal to the high yield of the 10-year Treasury note auctioned at the final auction prior to June 1, 2025, or 5 percent for new federal Direct Unsubsidized Stafford loans, federal Direct Stafford loans, and federal Direct PLUS loans issued on or after July 1, 2025. It also would establish a new rate for any federal Direct Consolidation Loan. The amendment would also authorize the Department of Education to establish a program to refinance federal Direct Loans. It also would authorize the Department to establish a program to refinance eligible private education loans. It would establish guidelines for determining the interest rate for refinanced loans through both programs, which would be fixed. The amendment failed by a roll call vote of 19–22.

11. Rep. Leger Fernandez (D–NM) offered an amendment that would direct the Department of Education, in consultation

with the Consumer Financial Protection Bureau, Financial Literacy and Education Commission, and IRS, to establish a personal finance education portal on a centralized and publicly available Department website for federal financial aid. Rep. Leger Fernandez subsequently withdrew the amendment.

12. Rep. Leger Fernandez offered an amendment that would authorize the Department of Education to award grants for tuition free community college to eligible states and tribal colleges and universities. The amendment was included in amendment En Bloc #5, which failed by a roll call vote of 19–22.

13. Rep. Takano (D–CA) offered an amendment that would strike a provision to repeal the current 90/10 regulation that caps the percentage of revenue that a for-profit school can receive from federal financial aid sources at 90 percent and stipulate that the other 10 percent of revenue must come from alternative sources. The amendment failed by a roll call vote of 19–22.

14. Rep. Takano offered an amendment that would add language to stipulate that the bill’s provisions would not take effect until the inspectors general of the departments of Education and Veterans Affairs submit a report to Congress certifying that the bill will not result in fraud or abuse of veteran students. The amendment was included in amendment En Bloc #4, which failed by a roll call vote of 19–22.

15. Rep. Adams (D–NC) offered an amendment that would stipulate that no claim from a federal student loan can be collected by administrative offset for any payments related to Social Security. It would apply to any payments made after the bill’s enactment. The amendment failed by a roll call vote of 19–22.

16. Rep. Adams offered an amendment that would require the Department of Education, a guaranty agency, or an eligible loan holder to remove any adverse item of information related to a loan from a borrower’s credit history upon the sale or assignment of a loan after the loan is reported as being in default. The amendment was included in amendment En Bloc #3, which failed by a roll call vote of 18–22.

17. Rep. Sablan (D–MP) offered an amendment that would establish a program to enable college-bound residents of the Northern Mariana Islands and American Samoa to have additional choices to attend higher education institutions. The amendment was included in amendment En Bloc #5, which failed by a roll call vote of 19–22.

18. Rep. McBath (D–GA) offered an amendment that would strike a provision to repeal current regulations related to closed school loan discharges. The amendment was included in amendment En Bloc #4, which failed by a roll call vote of 19–22.

19. Rep. Bonamici (D–OR) offered an amendment that would add language to require colleges and universities to accept individualized education programs or plans describing services or accommodations provided to an individual with a disability, pursuant to Section 504 of the *Rehabilitation Act of 1973*, as proper documentation for disability accommodations. The amendment failed by a roll call vote of 19–21.

20. Rep. Jayapal (D-WA) offered an amendment that would strike a provision that would repeal current regulations related to borrower repayment defense. The amendment was included in amendment En Bloc #4, which failed by a roll call vote of 19–22.

21. Rep. Jayapal offered an amendment that would require the postsecondary student data system to include data on applications received, students accepted, and students placed on the wait list disaggregated by race and ethnic subgroup at each IHE. The amendment was included in amendment En Bloc #5, which failed by a roll call vote of 19–22.

22. Rep. Jayapal offered an amendment that would require the Department of Education to adjust the median cost of college for a program of study for institutions located in a metropolitan area to account for the higher cost of living. The amendment was included in amendment En Bloc #3, which failed by a roll call vote of 18–22.

23. Rep. Omar offered an amendment that would strike a provision that would stipulate that the Department of Education would not issue a proposed rule, final regulation, or exhaustive action to carry out the bill's provisions if it is determined that it would be economically significant or result in a subsidy cost increase. The amendment was included in amendment En Bloc #3, which failed by a roll call vote of 18–22.

24. Rep. Omar offered an amendment that would authorize a program for the Department of Education to provide grants for a period of five years to eligible IHEs to provide childcare services for student parents. The amendment failed by a roll call vote of 19–22.

25. Rep. Omar offered an amendment that would strike a provision that would establish annual limits on federal Direct Unsubsidized Stafford Loans, for any period of instruction beginning on or after July 1, 2025, which would not exceed the cost of attendance for an academic year. It also would strike the establishment of maximum aggregate student loan amounts professional, graduate, and undergraduate students can receive through such loans. The amendment was included in amendment En Bloc #3, which failed by a roll call vote of 18–22.

26. Rep. Omar offered an amendment that would strike a provision that would establish two repayment plans for federal loans made on or after July 1, 2024, including a standard repayment plan with a fixed monthly repayment amount paid over a fixed period that does not exceed 10 years and a standard repayment assistance plan under the income-driven repayment program. The amendment was included in amendment En Bloc #3, which failed by a roll call vote of 18–22.

27. Rep. Bowman (D-NY) offered an amendment that would stipulate that nothing in the bill can be construed to require any accreditation agency or association to promulgate a standard that would prohibit IHEs from offering programs of study in any academic subject. The amendment was included in amendment En Bloc #2, which failed by a roll call vote of 18–22.

28. Rep. Bowman offered an amendment that would prohibit institutions of higher education from providing preferential treatment in the admissions process for donors and alumni, effective on the first day of the second award year after the bill's enactment. The amendment was included in amendment En Bloc #2, which failed by a roll call vote of 18–22.

29. Rep. Manning (D–NC) offered an amendment that would strike the amended definition of “third-party server,” which would refer to any individual, state, or private for-profit or nonprofit organization that enters into a contract with an institution of higher education to administer any student assistance programs under the bill. The amendment was included in amendment En Bloc #4, which failed by a roll call vote of 19–22.

30. Rep. Manning offered an amendment that would stipulate that nothing in the bill could be construed to prevent an institution of higher education from providing medically accurate and comprehensive information about sexual and reproductive health services, including contraception. The amendment failed by a roll call vote of 20–21.

31. Rep. Scott (D–VA) offered an amendment that would strike a provision to prohibit the Department of Education from implementing any substantially similar rule, regulation, policy or executive action related to regulations repealed under the bill, including closed school loan discharges, borrower repayment defense, pre-dispute arbitration, false certification, administrative capability, certification procedures, ability to benefit, and personal liability. The amendment was included in amendment En Bloc #4, which failed by a roll call vote of 19–22.

COMMITTEE VIEWS

INTRODUCTION

Taxpayer spending postsecondary education is massive and growing. In the next year alone, the Department of Education (ED or Department) will disburse over \$100 billion in new loans and grant aid, effectively making it the largest consumer bank in the United States.¹ Coupled with state and local funding, research, private scholarships and other outside resources, annual support for postsecondary education easily surpasses a quarter of a trillion dollars.² Investments of this magnitude ought to be able to demonstrate strong results when it comes to getting students into, and through, college with the skills needed for career-sustaining employment and lifelong success.

The Need for Reform

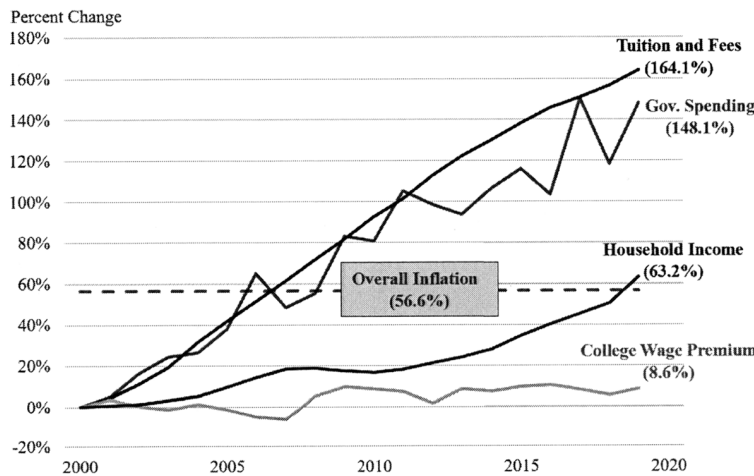
In the two decades prior to the pandemic, published tuition and fees increased an astounding 164 percent, or nearly three times faster than the rate of inflation, far outpacing rises in costs of medical services, childcare, housing, and nearly every other good or

¹ <https://www.cbo.gov/system/files/2023-05/51310-2023-05-studentloan.pdf>.

² <https://nces.ed.gov/programs/coe/indicator/cud/postsecondary-institution-revenue>.

service in the economy (Figure 1).³ Without commensurate increases in household income, paying for college has become an increasingly difficult endeavor. For instance, the share of Americans' expenditures put towards postsecondary education nearly doubled between 1989 and 2019.⁴ After accounting for grants and scholarships, the typical low-income family today is still expected to pay roughly a third of their household income for the annual cost of an in-state public education.⁵

Figure 1. Trends in Tuition and Fees, Government Higher Education Spending, Household Income, and the College Wage Premium (2000-2019)



These price increases are not caused by insufficient taxpayer support. Despite myths of state disinvestment, state funding for postsecondary education has increased substantially since 1980⁶ and reached a record high of \$128 billion in 2023.⁷ In fact, if tuition revenue per student had simply risen at the rate of inflation over the last two decades, expansions in federal and state financial aid would have reduced the average in-state public college student's tuition bill to zero.⁸ Rather, the overwhelming evidence suggests that the trillions in state and federal funding has subsidized a spending arms race among colleges who too often care more about boosting their U.S. News and World Report ranking than improving college access, affordability, or student success.⁹ Economists estimate that federal financial aid is directly responsible for approximately 55 percent of the increases in tuition and fees since 1987.¹⁰ Some of these expenditures may have been put towards productive initiatives; however, with federal student loans making up the largest source of consumer debt other than housing (Figure 2), it's not unreasonable for families and policymakers to ask whether spending tens of millions of dollars on tuition discounts for

³ <https://www.aei.org/carpe-diem/chart-of-the-day-or-century-2/>.

⁴ <https://freopp.org/whitepapers/why-college-is-too-expensive-and-how-competition-can-fix-it/>.

⁵ <https://nces.ed.gov/programs/coe/indicator/cua>.

⁶ <https://www.mindingthecampus.org/2023/08/17/gillen-state-disinvestment-is-still-a-myth/>.

⁷ <https://shef.sheeo.org/report/>.

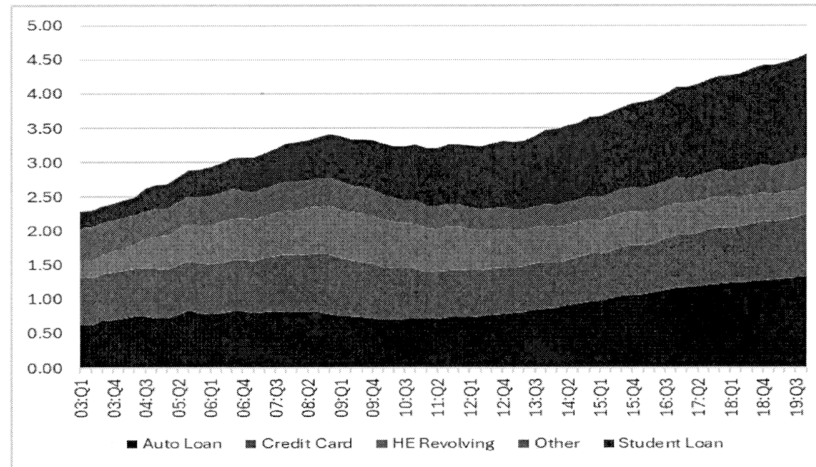
⁸ <https://freopp.org/whitepapers/why-college-is-too-expensive-and-how-competition-can-fix-it/>.

⁹ <https://www.wsj.com/articles/state-university-tuition-increase-spending-41a58100>.

¹⁰ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3720860.

out-of-state students or the salaries of diversity, equity, and inclusion (DEI) administrators would be better served providing thousands residents a full-ride to their state's flagship university.¹¹

Figure 2. Non-Housing Consumer Debt (2003-2019)¹²



A Broken System

If there is any consensus where student loans are concerned, it's that the very idea that tens of millions of borrowers deserve forgiveness is a frank admission that the system providing those dollars is irreparably broken. Our broken system is riddled with patches and plugged holes, with off the cuff solutions implemented to address one-off problems at one-off periods. This has predictably resulted in patchwork coverage and patchwork equity. While easy access to federal credit has certainly provided enabled millions of students to pursue postsecondary education for whom it would otherwise have been out of reach, it has also driven countless others to borrow unmanageable sums. For instance, the PLUS program's well-intentioned commitment to increasing access and choice for students with limited means has instead served as a cash cow for universities' bloated spending habits and a debt sentence for countless disadvantaged families.¹³ While wealthier households benefit most from generous safety net programs, it is the low-income borrower who tends to struggle most during repayment and ultimately end up in default.¹⁴

Repeated patching of this broken system has built up a behemoth that is increasingly problematic, politically contentious, and difficult to fix. Almost everyone agrees that our college financing system is in desperate need of reform, but recent proposals to "fix"

¹¹ <https://www.thecollegefix.com/ohio-state-university-doubled-dei-staff-in-five-years-payroll-costs-almost-tripled/>.

¹² <https://www.newyorkfed.org/microeconomics/hhdc>.

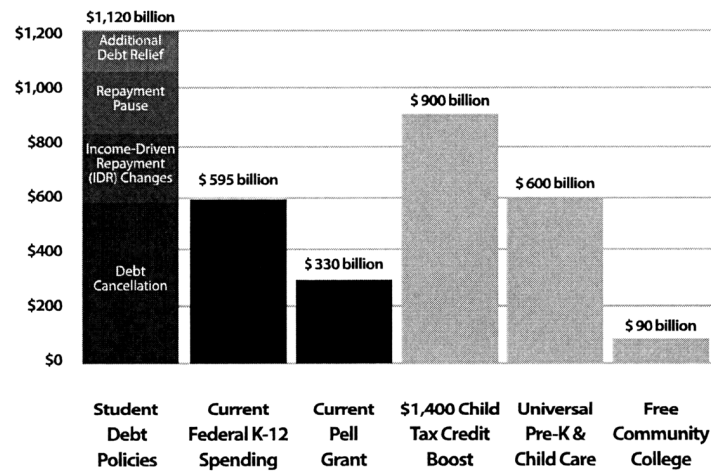
¹³ <https://tcf.org/content/report/parent-plus-borrowers-the-hidden-casualties-of-the-student-debt-crisis/> <https://www.urban.org/urban-wire/forgiving-plus-debt-low-income-parent-borrowers>.

¹⁴ <https://www.cbo.gov/publication/58963> <https://na-production.s3.amazonaws.com/documents/zero-marginal-cost.pdf>.

¹⁵ <https://www.crfb.org/blogs/goldwein-testimony-highlights-970-billion-student-loan-cancellation> <https://www.crfb.org/blogs/total-cost-student-debt-cancellation>.

it would turn our federal student aid program into an unsustainable drain on taxpayer support. Over the last four years alone, the Department has attempted to spend over \$1 trillion transferring student loans from those who willingly borrowed them to those who never stepped foot on a college campus (Figure 3).

Figure 3. 10-Year Cost Estimate of Debt Relief Policies Relative to Current and Proposed Expenditures¹⁵



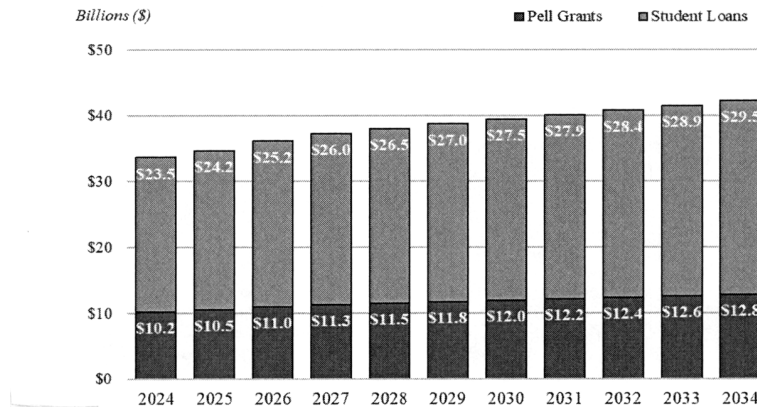
Let's put that 1 trillion dollars in context: that's over three times more than taxpayers will spend on the Pell Grant program over the next decade, 11 times more expensive than "free" community college, and more than the federal government spent on higher education in our entire pre-pandemic history.¹⁶ Despite all this spending, however, the vast majority of borrowers today aren't paying a single penny on their student loans, and future borrowers are expected take on greater debt and to default at higher rates than those borrowing during the height of the COVID-19 pandemic.¹⁷ At the same time, taxpayers are being asked to spend hundreds of billions of dollars providing reparations to those who were supposedly wronged by our financing system—all this while taxpayers are somehow also expected to look the other way nearly half a trillion dollars (or one-third of Pell grants and federal student loans over the next decade) go out the door to students who will ultimately be left in a worse position financially after enrolling in college than if they had never decided to go in the first place.

¹⁶ <https://www.crfb.org/blogs/goldwein-testimony-highlights-970-billion-student-loan-cancellation>.

¹⁷ <https://www.cbo.gov/system/files/2024-06/51310-2024-06-studentloan.pdf>

¹⁸ Committee staff estimates using <https://freopp.org/whitepapers/does-college-pay-off-a-comprehensive-return-on-investment-analysis/> <https://www.cbo.gov/system/files/202406/51310202406-studentloan.pdf>

Figure 4. Estimated Federal Student Aid Funding for Negative ROI Programs (2024-2034)¹⁸



A Path Forward

The way we fund postsecondary education has reached a critical inflection point. All the available evidence tells us that this system is irrevocably broken, and yet legislative reforms to date have been nothing but bumper sticker policies that continually fail to find consensus. Few in Congress are willing to entertain the idea of spending hundreds of billions of dollars doubling the Pell Grant only for states or IHEs to displace their own support. At the same time, calls for “free” college face their own bipartisan criticisms.¹⁹ We need policies that transform the entire college financing system and deliver the kind of education students need and our economy demands. That is why Chairwoman Virginia Foxx (R-NC) introduced the College Cost Reduction Act (CCRA), a landmark bill that will lower the cost of postsecondary education for students and families through policies focused on transparency, access and affordability, and accountability for student success, all while also saving hardworking taxpayers over \$185 billion in the process.²⁰

ACCESS AND AFFORDABILITY

Through a confusing array of grants, loans, and other financial support, ED disburses over \$100 billion each year in federal student aid authorized under Title IV of the Higher Education Act (HEA). While these dollars have certainly provided access to millions of students who would otherwise be unable to afford postsecondary education, they have also in many ways exacerbated the problems they were created to solve. For example, there is strong evidence that, rather than passing on subsidies to students, IHEs “capture” some or all of these dollars in the form of higher prices. For example, a 2017 study by economists at the New York Federal Reserve found that for every \$1 increase in subsidized loan limits,

¹⁹ <https://www.urban.org/urban-wire/free-college-does-not-eliminate-student-debt#:text=In%20particular%2C%20free%2Dtuition%20programs,-would%20not%20decrease%20their%20borrowing.> <http://newamerica.org/education-policy/articles/the-biden-plan-for-free-community-college-has-a-big-challenge/> <https://www.aei.org/questioning-the-case-for-free-college/>.
²⁰ <https://www.cbo.gov/publication/60285>.

IHEs capture roughly 60 cents in the form of higher tuition.²¹ The PLUS loan program, which effectively allows parents of undergraduates and graduate students to borrow unlimited sums, has been shown to increase tuition dollar for dollar without any improvements to college access for disadvantaged students. Similarly, student loan safety nets like income-driven repayment (IDR), which were established to provide borrowers with relatively high-debt and low-earnings affordable monthly payments, too often provide debt traps rather than debt relief. Over half of all student loan borrowers owe more than they originally borrowed six years after entering repayment. In order to simplify and increase the effectiveness of student aid, the CCRA improves the need analysis formula by calculating federal student aid using the Median Cost of College (MCOC), streamlining loan options and instituting flexible borrowing limits that vary by field of study, pairing back the maze of repayment options and eliminating unnecessary expenses such as origination fees and capitalized interest, and providing borrowers who fall on hard times a true safety net that provides targeted relief instead of blanket bailouts to those who don't need them.

Median Cost of College

The ability of IHEs to exploit federal student aid in the form of higher prices is a direct result of how the federal government determines how much financial aid should be provided. Today, the amount of financial aid a student is eligible for is determined by the difference between the government's estimate of what a student can afford to pay for college (i.e., the "Student Aid Index" or SAI) and their school's cost of attendance (COA), which is a comprehensive estimate of college expenses (e.g., tuition, fees, room, board, books, transportation, and other expenses). In general, this means that if a student's SAI is sufficiently below COA, the student will receive financial aid to fill the gap; however, it also means that schools can exploit federal financial aid programs by strategically raising their prices. Under the current need analysis system, if an institution raises its price by \$1, the student is eligible for \$1 in additional federal aid. Thus, the higher the price an institution charges, the more "needy" a student is determined to be and thus the more financial aid students—and colleges—can receive.²²

The current need analysis system not only allows colleges to capture aid dollars in the form of higher prices; it also unfairly distributes those dollars indiscriminately amongst those who lack financial resources and those who, all else being equal, would be able to afford postsecondary education without taxpayer support. Recognizing this, the CCRA changes how the federal government determines financial need from an individual student's COA to the median cost of college (MCOC) for all students' enrolled in similar programs nationwide. In addition to severing the link between price increases and aid eligibility, using the MCOC for purposes of determining federal student aid dramatically improves the financial aid process, as students could be informed of their federal financial aid awards immediately upon completion of the Free Application for

²¹ https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr733.pdf.

²² <https://www.texaspolicy.com/wp-content/uploads/2023/07/2023-07-NG-Testimony-HouseCommittee-LoweringCosts-AndrewGillen.pdf> <https://www.luminafoundation.org/wp-content/uploads/2017/08/proposing-a-federal-risk-sharing-policy.pdf>.

Federal Student Aid (FAFSA), as opposed to waiting for months for colleges to inform them of their aid offer. Taken together, the CCRA's need analysis forms will increase the effectiveness and delivery of federal student aid, will protect and more fairly distribute taxpayer dollars, and will ensure postsecondary education is accessible and affordable to all those who wish to pursue it.

Loan Limits

The current limits in the federal loan program are complex and varied. Some students can borrow whatever a college charges, while others are constrained by arbitrary limits that Congress set and has not updated for over a decade.²³ Recognizing this, the CCRA streamlines the types of loans available to students by eliminating the inflationary and predatory PLUS program and instituting flexible loan limits under the Stafford loan program that vary by program of study. Under the CCRA, borrowers would have access to two loan types (unsubsidized and subsidized) that have no hidden origination fees, low interest rates, and access to safety nets for those who fall on hard times. Rather than the arbitrary and outdated annual limits that vary by dependency status and year of study, the CCRA allows borrowers to borrow up to the MCOC of their degree program. With respect to the CCRA's aggregate limits,²⁴ undergraduate borrowing is capped at \$50,000 for undergraduate students, while graduate and professional (e.g. law, medicine) could borrow \$100,000 and \$150,000 for their degrees, respectively; the maximum any student can borrow under the federal loan program is \$200,000.

In addition to providing a more rational and consistent approach to federal student lending, Committee Republicans believe that the CCRA's loan limit reforms will simplify college financing and put downward pressure on college prices without restricting access to postsecondary education opportunities. For example, while critics claim that eliminating predatory Parent PLUS loans—which have high interest rates, hefty loan fees, and are ineligible for borrower safety nets such as income-driven repayment (IDR)—will reduce access and leave “50 percent of students seeking a college degree without the federal student aid they need,”²⁵ these claims are simply unsupported by the evidence, as shown in Figure 5. For example, over 90 percent of dependent undergraduate students pursuing

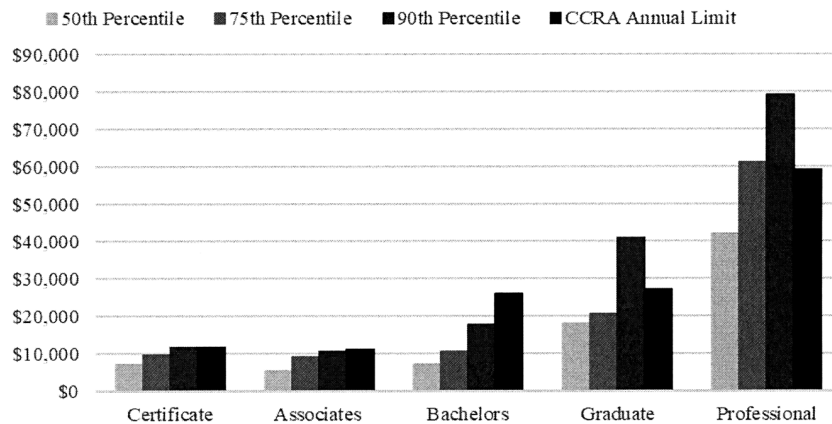
²³ Under current law, the maximum combined amount of Direct Subsidized and Direct Unsubsidized Loans that undergraduate students borrow annually is between \$5,500 and \$12,500 (\$31,000 to \$57,500 in aggregate), depending on your year in school and your dependency status. For graduate/professional students, annual limits are generally \$20,500 (higher for some medical professions) in Direct Unsubsidized Loans each academic year (\$138,500 in aggregate including undergraduate loans; up to \$224,000 for professional students). However, both graduates and parents of dependent undergraduates have access to PLUS loans, which have no annual cap other than what the school determines is the students cost of attendance; there is no aggregate cap on PLUS loans.

²⁴ The CCRA also allows “qualifying undergraduate programs” to access the higher loan amounts available for graduate professional programs if such programs opt-in to these higher-aid levels in return for additional accountability (e.g., a higher value-added earnings threshold of 300 percent of the FPL, which is the threshold for graduate programs). The Committee intends for this language to include undergraduate flight education and training programs that are accredited by the Department and are also certificated pilot training schools by the Federal Aviation Administration in order to allow students pursuing these programs to access additional federal student loans beyond the undergraduate aggregate limit, similar to the bipartisan *Flight Education Access Act* (H.R. 2874, 118th).

²⁵ https://democrats-edworkforce.house.gov/imo/media/doc/vote_no_on_hr6951republicansextremebilltoraisecollegecostsreturntodevoseraderegulationandchaos.pdf.

associate and bachelor's degrees borrowed less than CCRA's annual limits. In other words, they would benefit from the CCRA's reforms to annual borrowing limits.²⁶

Figure 5. Annual Borrowing Limits Under the CCRA²⁷



The small subset of borrowers who do exceed the annual loan limits (the vast majority of whom are graduate and professional students who currently have no limits on borrowing) attend schools that charge above average prices, and Committee Republicans believe it is not the role of the federal student aid programs to subsidize the entirety of a student's education at any cost simply because they chose a more expensive school when more affordable options remain available. While IHEs may complain that some students may not be able to afford their programs, nothing in the CCRA restricts such institutions from simply lowering their prices or from providing additional scholarships to help fill the gap. Nor does it prevent students attending more expensive programs from receiving loan funding in the private marketplace,²⁸ which frequently have terms that are more favorable than those offered by the PLUS loans those students access today.²⁹

Loan Repayment

Just as the complexity of multiple loan options makes college financing decisions difficult for students and families, the tangled web of repayment options currently available to borrowers creates unnecessary confusion and preventable defaults. Under current law, there are over 50 ways for borrowers to meet their repayment obligations. This makes it difficult for schools and loan servicers to communicate options to borrowers, including those who could benefit from certain repayment plans and safety net options like IDR plans but often never enroll in such plans because they are unable

²⁶ <https://www.urban.org/sites/default/files/2024-06/>

How Access to Federal Student Loans Could Change under the CCRA.pdf.

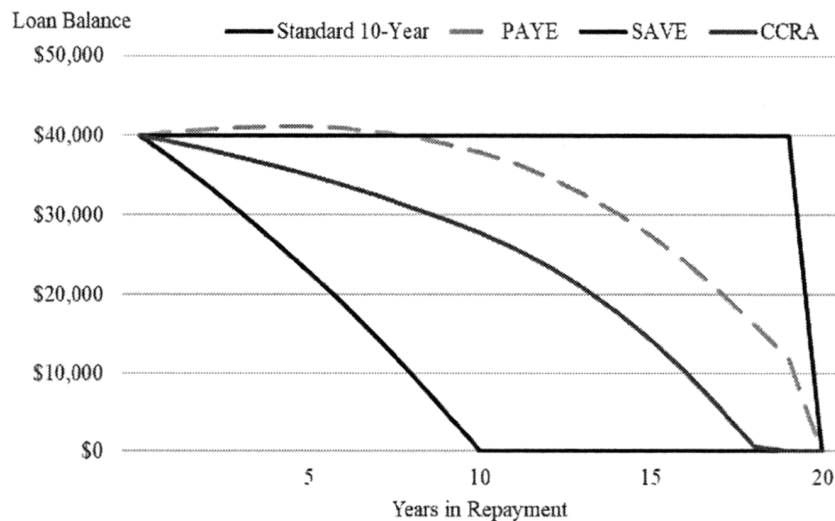
²⁷ <https://www.urban.org/research/publication/how-access-federal-student-loans-could-change-under-college-cost-reduction-act>.

²⁸ Evidence shows the Grad PLUS program replaced private loan borrowing dollar-for-dollar, suggesting there is an existing market the government does not need to fill. <http://www.economics.illinois.edu/seminars/documents/Monica.Pdf>.

²⁹ <https://x.com/delislealleges/status/1795481484855570798/photo/1>.

to navigate the plans effectively.³⁰ The CCRA brings much needed simplicity to student loan repayment by paring back the maze of options down to just two plans: (1) a standard, mortgage style repayment plan that allows borrowers to pay 10 years of fixed monthly payments and (2) a repayment assistance plan that offers reduced payments for borrowers with debt loads that are relatively high based on their incomes. Importantly, CCRA's repayment assistance plan caps the total amount of payments at what borrowers would repay under the 10-year standard plan and replaces time-based forgiveness with monthly repayment assistance to ensure responsible borrowers always see progress towards paying off their loans by ensuring at least half of their monthly payment is applied to their principal.³¹ In these ways, CCRA's repayment assistance plan provides targeted relief to borrowers who need it, when they need it, by ensuring that borrowers making on-time required payments not only never see their balance grow through the waiver of excessive interest, but also that they see their balance decrease each month. Through these structures, the CCRA's repayment assistance plan allows a hypothetical borrower to pay off their student loans years faster than existing income-driven repayment plans and without excessive taxpayer subsidies (Figure 6).

Figure 6. Student Loan Balances Under the CCRA³²



Replacing time-based forgiveness with repayment assistance and a cap on total payments, as the CCRA does, has the added benefit of essentially eliminating the moral hazard that exists under the current repayment system which allows borrowers to take on addi-

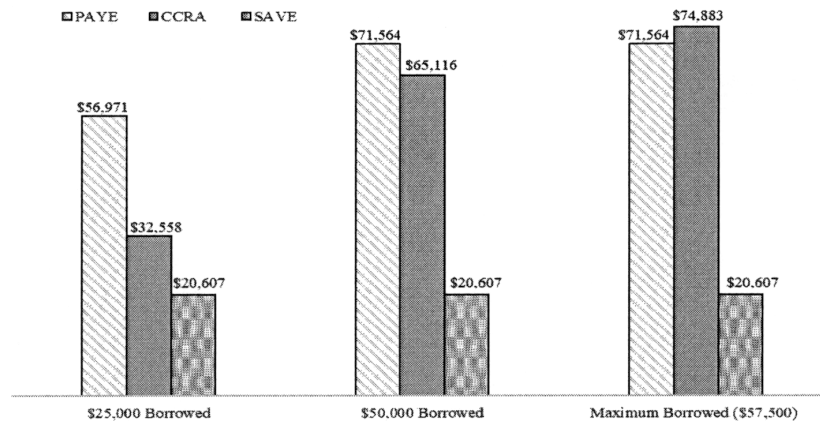
³⁰ <https://www.pewtrusts.org/en/research-and-analysis/reports/2020/05/borrowers-discuss-the-challenges-of-student-loan-repayment>; <https://www.sciencedirect.com/science/article/abs/pii/S0047272720301626>; <https://www.urban.org/research/publication/student-loan-program-complexity-uncertainty-and-administrative-challenges>.

³¹ <https://www.urban.org/research/publication/student-loan-repayment-college-cost-reduction-act>.

³² This example follows the methodology in <https://www.urban.org/research/publication/student-loan-repayment-college-cost-reduction-act>.

tional debt with zero marginal cost to doing so. For example, whether the hypothetical borrower above borrows \$50,000 or \$57,500, he or she will pay the exact same amount (\$71,564) under PAYE and repay even less under the SAVE plan (\$20,607); in other words, this borrower is incentivized to borrow more than he or she needs because borrowing more does not affect how much he or she has to pay back; borrowing only the minimum needed would be effectively leaving free money on the table. By contrast, the CCRA's repayment assistance plan requires borrowers to pay back exactly what they owe—i.e., their loan's principal and ten years of interest—no more, no less (Figure 7). This discourages borrowers from borrowing more than the minimum they need to cover their postsecondary education costs.

Figure 7. Student Loan Payments Under the CCRA³³



Additional Reforms

The CCRA also makes other critical reforms to the federal student loan program that benefit borrowers. For example, the bill's elimination of origination fees and interest capitalization alone will save borrowers \$20 billion over the next decade, while the bill's provisions allow those in default to rehabilitate their loans twice (instead of just once) which will provide an easier path to repayment for the 5.9 million borrowers who currently have the black mark of default on their credit score.³⁴ Further, the bill also improves student loan servicing including maintaining federal preemption and further clarifying that entities under contract by ED are exempt from state and local rules seeking to impose their own requirements on these entities when carrying out federal loan servicing activities.

ACCOUNTABILITY AND STUDENT SUCCESS

The centerpiece of the CCRA's plan to lower the cost of postsecondary education for students and families is the bipartisan notion that institutions should have a stake in their students' success. In-

³³ Ibid.

³⁴ <https://www.jamesgmartin.center/2024/08/the-imminent-student-loan-disaster-were-not-talking-about/>.

deed, while the reforms to financial aid and student loan repayment will go a long way towards improving postsecondary access and affordability, these reforms alone will not address the lack of accountability for the tens of billions of dollars that flow to low-value programs each year. Nearly one third of postsecondary credentials—including nearly a quarter of bachelor’s degrees and almost half of master’s degrees—provide the majority of students they enroll a negative return on investment (ROI). Building off previous bipartisan congressional proposals,³⁵ H.R. 6951 establishes an outcomes-focused, sector-neutral system for ensuring that postsecondary education delivers value. Incorporating objective and proven metrics measuring return on investment and student success, the CCRA uses both carrots (e.g., PROMISE Grants) and sticks (e.g., risk-sharing) to align the incentives between students, institutions, and taxpayers, thus creating a more accountable, efficient, and effective system for financing postsecondary education.

Defining Value

If postsecondary credentials are supposed to provide students and taxpayers with positive financial returns, the most appropriate way to measure the extent to which they do so is to evaluate them like any other financial investments.³⁶ Just like investors measure the ROI of a stock or bond, the CCRA directs ED to calculate the earnings-price-ratio (EPR) for each program offered at each IHE receiving federal funds:

$$\text{Earnings-Price-Ratio} = (\text{Value-Added Earnings} / \text{Total Price}) - 1$$

The EPR measures the financial value of postsecondary credentials by tracking dollar for dollar the extent to which graduates’ “value-added earnings” (i.e., their earnings boost)³⁷ align with the “total price” the IHE charges them for their education.³⁸ To illustrate, the University of North Carolina (UNC) Chapel Hill charges students a total price of \$33,400 for their English degree and graduates’ value-added earnings are approximately \$32,000. Dividing the value-added earnings by the total price (and subtracting one) yields an EPR of -0.04 ; the negative value indicates that the program’s price exceeds the earnings boost students received by 4 percent. On the other hand, a positive value would mean that students earn more than enough to recoup the costs of a program, such as in the case of the University of South Dakota’s nursing degree program (see Table 1). Thus, the higher the EPR, the more students and taxpayers benefit from investment in a given degree program;

³⁵ <https://www.congress.gov/congressional-report/118th-congress/house-report/337/>
1?outputFormat=pdf.

³⁶ <https://www.thirdway.org/report/price-to-earnings-premium-a-new-way-of-measuring-return-on-investment-in-higher-ed>.

³⁷ “Value-added earnings” are the annual earnings of graduates that exceeds 150 percent (or 300 percent for graduate students) of the federal poverty line, adjusted for the geographic location of the program the student is enrolled in. Earnings are measured at time points commensurate with the typical length of the program students graduated from (e.g., two years for associate degrees, four-years for bachelor degrees), though the bill allows the Secretary to increase the earnings measurement period to five years for programs shown to have abnormal earnings growth (e.g. medicine). The Committee intends for value-added earnings to encompass graduates who are in the workforce and exclude graduates who subsequently went on to earn a higher credential.

³⁸ “Total price” is defined as the total amount of tuition and fees (and other required expenses) graduates were charged for their credential or degree, minus all grants and scholarships received by graduates from non-federal sources.

the lower the EPR, the greater the risk that those investments will result in financial losses rather than financial returns.

TABLE 1.—EARNINGS-PRICE-RATIO (EXAMPLE)

	Value Added Earnings	Total Price	EPR
U. of North Carolina—English (Bachelor's)	\$32,000	\$33,400	− 0.04
U. of South Dakota—Nursing (Associate's)	\$45,700	\$19,400	+1.40
George Washington U.—Film (Master's)	\$3,400	\$137,600	− 0.98

Using the EPR metric for purposes of accountability is valuable not only because it is understandable and comparable to other financial investments;³⁹ it is also valuable because it provides institutions considerable flexibility to shape the result. For example, institutions can do various things to increase their programs' EPR, such as eliminating unneeded course requirements to reduce time to degree⁴⁰ or investing in evidence-based efforts that are shown to increase the value-added earnings of graduates. Alternatively, they can simply lower their price. Regardless of the mechanism, improving the EPR of programs is to the financial benefit of institutions just as it is to the financial benefit of students and the taxpayers who subsidize them. That said, no single metric can perfectly capture all the benefits of postsecondary education nor predict the extent to which students will ultimately be left better off for investing in postsecondary education. For example, while the EPR measures the financial value of a degree for those who graduate, approximately four in 10 students who enroll in college never achieve this milestone and one in six end up with debt and no degree to show for it.⁴¹ Recognizing this, H.R. 6951 incorporates multiple metrics (e.g., loan repayment, low-income enrollment, completion rates) to compliment the EPR when assessing the extent to which IHEs should be held financially responsible under risk-sharing or financially rewarded through performance-based PROMISE grants.⁴²

Risk-Sharing

Today, the risk of non-repayment is not evenly distributed among borrowers, taxpayers, and institutions. Students borrowing for low-quality programs are still obligated to repay the loans their institution expected them to take out, while taxpayers are forced to cover the costs of default and debt write-offs if they ultimately are unable to do so. On the other hand, despite the overwhelming evidence that the cost and quality of the education they received strongly influences borrowers' repayment ability,⁴³ IHEs receive and retain

³⁹ <https://www.thirdway.org/report/price-to-earnings-premium-a-new-way-of-measuring-return-on-investment-in-higher-ed>.

⁴⁰ <https://nscresearchcenter.org/signaturereport11/>.

⁴¹ https://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2024022&utm_medium=email&utm_source=newsflash.

⁴² Committee Republicans recognizes that there are other benefits to postsecondary education (e.g., improved health, critical thinking, etc.). However, such benefits are both difficult to quantify and challenging to measure. Moreover, they are outside of both the scope and purpose of the federal financial assistance programs established under Title IV of the HEA and thus the accountability system established in the CRRRA. https://www.postsecondaryvalue.org/wp-content/uploads/2021/10/PVC_Matsudaira.pdf.

⁴³ According to research, ROI explains roughly half of the variation in student loan repayment rates across programs and schools according to some estimates. That is, if a program provides stronger ROI, its students are far more likely to pay down their loans because their payments

every penny of tuition revenue up-front regardless of whether students drop out or graduate with unmanageable debt burdens.

To ensure that schools have skin in the game, H.R. 6951 requires IHEs to co-sign the loans they expect their students to take out and, as co-signers, be responsible for a portion of any taxpayer losses if those loans go unpaid. Specifically, the CCRA instructs ED to establish student cohorts based on whether students graduated from a particular program of study or otherwise ceased enrollment at the IHE and calculates a risk-sharing percentage, which represents the percentage of loan losses (i.e., the “non-repayment balance”) the school is responsible for if those loans go unpaid or require taxpayer assistance through borrower safety nets like IDR. For non-completers, the risk-sharing percentage is based on the IHE’s or program’s completion rate.⁴⁴ For completer cohorts, the risk-sharing percentage is based on the EPR of the program; for example, building off the example in Table 1, the EPR for UNC’s bachelor’s degree in English is -0.04 , meaning that UNC is responsible for 4 percent of any taxpayer losses each year the cohort of borrowers remains in repayment.

Committee Republicans believe the risk-sharing system established in the CCRA has several advantages over other accountability policies that have been proposed or that are in place today. First, it is a market-based approach to accountability, such that the valuation of a program is objective, not determined by ED. While risk-sharing provides IHEs strong incentives to expand high-value programs, improve low-value programs, and eliminate programs with no value, the responsibility for identifying a program’s value rests with colleges themselves. Second, it is flexible, offering IHEs multiple ways to reduce or eliminate potential reimbursements. Whether by increasing the EPR of their programs (which can result in programs being exempt from risk-sharing payments altogether),⁴⁵ improving completion rates, investing in repayment and default prevention efforts, or preventing excessive borrowing using their new authority under the CCRA to set loan limits, schools have ample opportunities to reduce or eliminate potential liabilities before they occur.

Lastly, it does not overburden IHEs. While risk-sharing provides a financial incentive for IHEs to continuously improve their programs and increase the value they provide students and taxpayers, such payments are manageable for IHEs. Figure 8 shows the distribution of estimated risk-sharing payments paid annually by type of institution. Across types of institutions, public institutions—particularly community colleges and low-cost, open access four-year

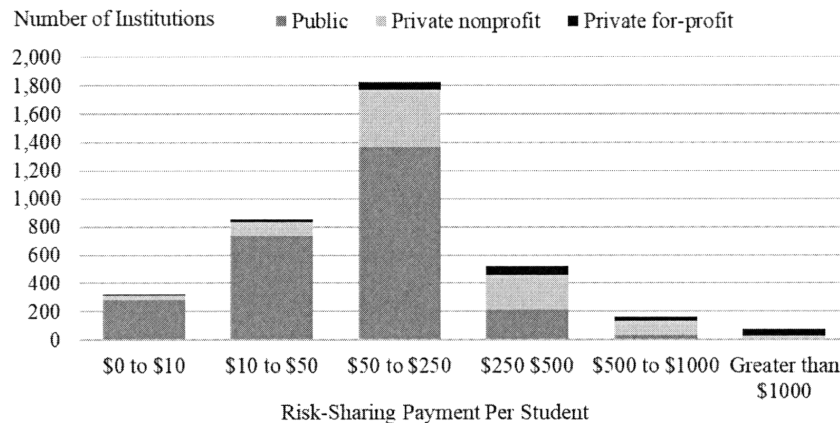
will be more manageable when earnings are higher and costs are lower. <https://freopp.org/aligning-higher-educations-cost-to-its-value-ed593545a5f9>.

⁴⁴For example, if 50 percent of an IHE’s Master of Business Administration program fail to ultimately graduate, then the risk-sharing percentage for the program’s non-completer cohort is 50 percent. As completion rates fall, the risk-sharing percentage increases and vice versa (e.g., a 20 percent completion rate is associated with a risk-sharing percentage of 80 percent). For purposes of risk-sharing, the completion rate is measured based on 150 percent of the program length (e.g. six-years for bachelor’s degrees) and, recognizing the challenges with defining program-level completion at the undergraduate level, the completion rate for undergraduate non-completing cohorts used for the risk-sharing percentage is measured at the institution-level and encompasses all undergraduate students receiver federal student aid. <https://www.brookings.edu/articles/towards-a-framework-for-accountability-for-federal-financial-assistance-programs-in-postsecondary-education/>.

⁴⁵Importantly, if the value-added earnings of graduates exceeds the total price the schools is charging students for that credential, like in the case of the University of South Dakota’s nursing degree, the program is exempt from these requirements (see Table 1).

schools—have lower risk-sharing liabilities than private non-profit and for-profit colleges. Further, most institutions (80 percent) have a risk-sharing payment of less \$250 per student, while just 2 percent of IHEs have a risk-sharing payment greater than \$1,000 per student.

Figure 8. Distribution of Estimated Risk-Sharing Payments (Per-student)⁴⁶



For perspective, the average per-student spending on college administrators was \$3,771 in 2021, which is 37 times greater than the average risk-sharing payment among all colleges and universities.⁴⁷ Committee Republicans believe the CCRA's risk-sharing will help align the incentives of IHEs to that of students in taxpayers and, in doing so, result in lower tuition, reduced borrowing, and higher-quality education opportunities. That said, accountability means more than just sanctioning, and institutions that are committed to offering affordable, high-quality education and promoting economic mobility should be rewarded for their efforts.

PROMISE Grants

Each year, taxpayers provide billions in grants intended to support access and completion efforts. Yet, those dollars flow with little to no distinction between the value those institutions provide or who that value is provided to. A fairer and more accountable system would leverage grant aid as an incentive for institutions to invest in market-aligned credentials offered to consumers at the lowest possible cost, particularly for those who would otherwise be unable to afford them. As such, H.R. 6951 uses funds received from IHEs through risk-sharing to fund PROMISE Grants, a performance-based program designed to encourage colleges to enroll and graduate low-income students in high-value programs:

$$\text{PROMISE Grant} = (\text{Avg. EPR} \times \text{Total Pell} \times \text{Completion Rate}) - \text{Campus-Based Aid}$$

The PROMISE grant formula is the product of the average EPR of an IHE's programs, the total Pell Grant dollars the IHE receives,

⁴⁶ <https://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=410507>.

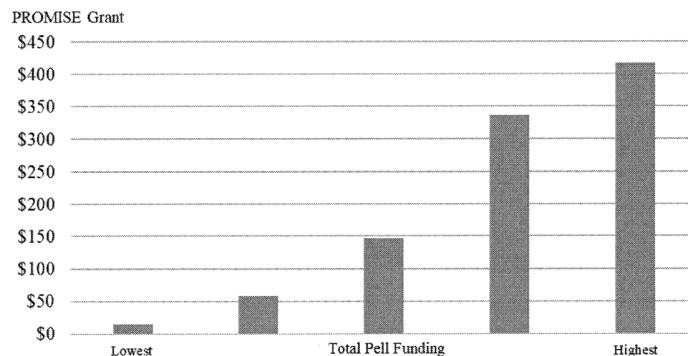
⁴⁷ <https://www.goacta.org/2024/01/critics-say-public-universities-are-spending-too-much-outside-the-classroom/>.

⁴⁸ Ibid.

the percentage of low-income students who graduate (and in the case of two-year institutions, those who successfully transfer) on time, minus the amount of campus-based aid dollars already being allocated to the IHE. To illustrate, students at the State Technical College of Missouri receive \$2.7 million in Pell Grant aid annually, the school's on-time completion rate is 71 percent, and its average EPR is 2. Thus, the institution's gross PROMISE Grant is equal to \$2.7 million times 71 percent times two, or \$3.8 million. The \$85,000 in campus-based aid that the school already receives every year is then deducted from this total, though schools eligible for PROMISE have 100 percent authority to transfer those existing dollars for PROMISE purposes. Thus, the IHE (net) PROMISE Grant is \$3.7 million. As long as they continue to meet the eligibility requirements for maximum price transparency,⁴⁸ institutions like the State Technical College of Missouri will have broad flexibility when it comes to how PROMISE funds (as well as their existing campus-based aid dollars) are used, including employer partnerships, completion efforts, and additional need-based financial aid, among other allowable uses.

Importantly, while critics have historically opposed outcomes-based accountability on the grounds that they would result in higher costs and less access for students that IHEs deem "risky,"⁴⁹ the accountability system established under the CCRA is intentionally structured to reward, rather than penalize, IHEs for enrolling low-income, first-generation, and other disadvantaged students.⁵⁰ As shown in Figure 9, IHEs who enroll the lowest share of low-income learners—as measured by the total amount of Pell Grants received by the IHE—have an average PROMISE grant of \$14 per student, while those who enroll the largest share of low-income students have an average PROMISE grant of \$416 per student.

Figure 9. Distribution of PROMISE Grant (Per-Student) by Low-Income Enrollment⁵¹



⁴⁸ Ibid.

⁴⁹ https://www.civilrightsproject.ucla.edu/research/college-access/financing/how-accountability-can-increase-racial-inequality-the-case-of-federal-risk-sharing/Risksharing_Hillman_final-0119-w_cover.pdf.

⁵⁰ Importantly, the incorporation of a performance bonus also has the added benefit of controlling for changes in the business cycle; because money is simply being redistributed to IHEs making the best use of their resources, the CCRA's accountability is both fair and works equally well during both good economic times and bad. <http://www.doug-webber.com/risk%20sharing%20proposal.pdf>.

Taken together, Committee Republicans believe that the outcomes-based accountability system established in the CCRA will drive IHEs to improve access and affordability and to invest in the long-term success of their graduates. It will create strong incentives for colleges to consider how every student performs and reward schools that successfully use federal student aid to promote opportunity and economic mobility. The end result will be a postsecondary financing system that better leverages tax dollars to help students build productive lives, while also protecting taxpayers from underwriting low-quality institutions and programs.

Accreditation

Accreditors serve as key gatekeepers in postsecondary education because they must give their stamp of approval to institutions in order for them to be eligible to participate in the federal student aid programs.⁵² Despite this responsibility, it is well understood that accreditors have acted less as stewards of the interest of federal taxpayers and students and more like a cartel that prevents new institutions and innovations from emerging.⁵³ Indeed, all the available evidence suggests that accreditors spend more time and resources mandating “woke” policies and practices within universities than they do ensuring IHEs provide students and taxpayers a worthwhile return on their investment.⁵⁴ For example, a 2022 report found that only 11 percent of colleges incur a quality-related disciplinary action from an accreditor and that 97 percent of all disciplinary actions were about non-quality issues at an institution.⁵⁵ H.R. 6951 updates the HEA to refocus accreditors on assessing academic quality through reviewing student outcomes, enacting a risk-based review system for efficient use of time, and creating a marketplace for new quality assurance entities to enter the market to ensure education is aligned with industry standards.

While the HEA requires accreditors to focus on “outcomes,” the lack of clarity on what is meant by student achievement outcomes has provided no direction for accreditors to develop robust measures of student achievement for the purpose of critically evaluating the institutions and programs they accredit. To address this, H.R. 6951 specifies that an accreditor must establish student achievement outcomes standards to assess the quality of institutions and programs of study within an institution; standards include learning outcomes, employer satisfaction and employment rates, and measures of student success such as loan repayment.⁵⁶ At the same

⁵¹ <https://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=410507>.

⁵² The three requirements are state authorization, largely consumer protection; certification by ED to ensure compliance with administrative and fiscal integrity of an institution's Title IV programs; and accreditation by an accrediting agency or association recognized by ED to provide quality assurance of the education offered by institutions.

⁵³ <https://www.mindingthecampus.org/2022/04/14/further-evidence-that-higher-education-accreditation-is-a-cartel/>.

⁵⁴ <https://freopp.org/college-accreditation-does-not-guarantee-good-student-outcomes-c6c0e390e2bd>.

⁵⁵ This information, as well as nearly all data elements reported throughout the bill, will be produced by ED. Thus, every accreditor will have this benchmark to begin the assessment of where institutions may be on the quality scale. <https://postsecondarycommission.org/wp-content/uploads/2024/01/Accreditor-College-Quality-Report-FINAL-PSC-Updated-010624.pdf>.

⁵⁶ Additionally, given the metric's importance for determining the return on investment for students, institutions, and taxpayers, the bill also requires accreditors to have standards in place with respect to the EPR of IHEs' programs. While accreditors are free to develop any outcomes within the broad parameters established in statute and the CCRA does not prescribe any stringent list, it does require accreditors to ensure that programs are meeting the needs of students and the workforce.

time, the CCRA prohibits accreditors from piling on additional standards that too often take away from institutions' core mission, including closing the "elastic loophole" and strictly prohibiting political litmus tests and adherence to DEI standards as a condition of accreditation. Simply put, no institution should be forced to adopt the critical social justice agenda in order to receive Title IV funding, as this is opposed to academic freedom. Moreover, in line with CCRA's goal to better align education and the workforce, the CCRA requires business representation on every accrediting board, though the bill includes strict provisions preventing conflicts of interest (such as barring an employee of any IHE accredited by the agency to sit on their accrediting board).⁵⁷

Additionally, H.R. 6951 updates the law to move accreditation away from a binary model, providing a foundation for all accreditors to begin using a risk-based review process for monitoring IHEs they accredit based on performance and performance relative to peer IHEs the accreditor also oversees. In doing so, it provides escape hatches from unnecessary accreditor regulation to IHEs who exceed achievement measures relative to that of peer IHE's their accreditor oversees.⁵⁸ This type of oversight will better focus accreditor and institution resources⁵⁹ but still require accreditors to evaluate the quality of all institutions. To make accurate comparisons across institutions and to be able to determine what punitive actions might be fair and appropriate, the CCRA calls for the development of a common set of terminology and codifies regulations to prevent an accreditor from considering a religious institution's religious practices in the institution's evaluation. The bill also makes other strategic reforms to minimize unnecessary compliance burdens for institutions, including outlining the definition of what constitutes a "substantive change" at an institution that should go before an accreditation board or commission for full approval.⁶⁰

Improving competition in postsecondary education requires allowing accreditors to compete amongst new and existing providers. As such, H.R. 6951 codifies the 2019 regulations issued by ED under the Trump administration repealing the concept of regional accreditors, allowing accreditors to operate within a state or nationally and as an institutional or programmatic accreditor. Additionally, the CCRA allows states to designate an entity, such as an industry-specific quality assurance entity, for a five-year period as an accreditor for purposes of verifying the quality of degrees and cre-

⁵⁷ Accreditors will say that it will be difficult to board members without a direct interest in a member institution, but there are accreditors with board membership that volunteered for the role without knowing the institutions that would be accredited <https://postsecondarycommission.org/commissioners/> Perhaps because the model of regional accreditation is still fresh in the minds of many in the accreditation industry is there a perceived barrier to finding board members across the country, from a variety of different backgrounds. Importantly, nothing in the bill limits who can be on an accrediting board, outside the conflict of interest provisions.

⁵⁸ <https://www.texaspolicy.com/wp-content/uploads/2020/04/Gillen-Escape-Hatches-from-Higher-Ed-Accreditation.pdf> However, the bill provides much-needed cover to direct accreditors to engage in different measures of sanction for programs that fail to meet student achievement outcomes and other standards in the law.

⁵⁹ <https://www.aplu.org/news-and-media/news/aplu-risk-based-accreditation-would-better-allocate-resources-to-focus-on-schools-with-greatest-need-for-increased-oversight/>.

⁶⁰ The Committee believes that too high frequency substantive changes only set back institutions from being able to develop degree programs quickly and approve changes in faculty and departments to be nimble to what students want to learn and employers need to be delivered.

dentials eligible for Title IV funding.⁶¹ Committee Republicans also believe a new marketplace of high-quality accreditors must allow the entry of new quality assurance experts to keep pace with the changing needs of education, as well as allow institutions to change accreditors more freely without the review of ED. A path to recognition should not take years of paperwork, for example, if a prospective accreditor has already built a relationship with an institution, is already overseeing the institution, and has standards in place that meet the law's requirements, and the bill makes critical changes to ensure this will no longer be the case.⁶² Lastly, while the CCRA makes necessary reforms to improve accreditation, Committee Republicans question whether accreditors should continue to serve as Title IV gatekeeper or should return to the more classical role of peer review without the high stakes of Title IV approval,⁶³ particularly in light of the CCRA's other reforms focusing funding on outcomes and requiring skin-in-the-game from IHEs. To test this possibility, the bill would authorize a voluntary experimental site initiative for five years to evaluate whether institutions and non-institutional education providers can maintain high student achievement outcomes in lieu of an ED recognized accreditor.⁶⁴

Regulatory Relief Just as input-based accreditation standards allow for the proliferation of low-quality degrees, stifle innovation, and create unnecessary barriers to entry for new providers, heavy-handed and politicized regulations issued by ED provide patchwork accountability and often harm more than they help.⁶⁵ For example, not only are current 90/10 rule and Gainful Employment (GE) regulations applicable to just 15 percent of students, but also they unfairly punish many IHEs who go above and beyond to provide real value to the students who stand to benefit most from the promise of postsecondary education the most. While an IHE's 90/10 ratio has zero relationship to whether programs offered by for-profit IHEs provide the majority of students a positive return on investment, the metric is strongly correlated with the percentage of IHEs' students who receive Pell Grants, indicating it is a better predictor of students' *ability* to pay than a measure of the quality of education being provided or someone's *willingness to pay* for it.⁶⁶

⁶¹ Because state designated accreditors are also subject to all the requirements of the statute, including the reformed standards of accreditation, state designated accreditors will be held to a higher level of accountability, since the state could also require additional expectations to receive a state's designation. This builds off of builds off of H.R. 5042, the Higher Education Reform and Opportunity Act.

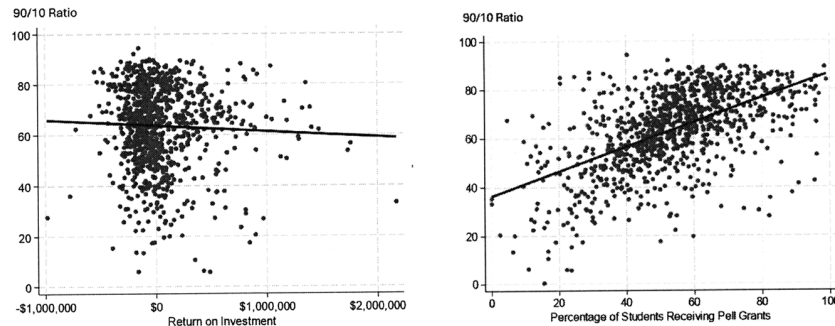
⁶² The bill provides more of a road map for new, or prospective accreditors, on how a path to recognition from ED should be, providing ED with the ability to recommend a prospective accreditors application to NACIQI before two years, if the prospective accreditor has at least one year of accrediting experience. The bill also provides NACIQI the ability to provide longer periods of recognition for accreditors that oversee institutions with successful outcomes or continually improving their outcomes.

⁶³ <https://www.heritage.org/education/report/its-time-congress-dismantle-the-higher-education-accreditation-cartel>.

⁶⁴ This experimental site is different than the challenged experiment initiated during the Obama Administration. <https://www.insidehighered.com/news/2018/04/18/federal-experiment-nontraditional-providers-stumbles-out-gate> For example, accreditors would not be involved in the experiment and instead ED would be applying already collected outcomes data to evaluate credentials and degree programs worthiness to receive Title IV funding.

⁶⁵ <https://www.heritage.org/education/report/reversing-the-department-educations-anti-market-orientation-higher-education>.

⁶⁶ <https://www.edvisors.com/ask/student-aid-policy/90-10-rule//media/d16fabde2fdb4134932cb0fd3e620683.ashx>.

Figure 10. Relationship Between 90/10, ROI, and Low-Income Enrollment⁶⁷

Similarly, the binary thresholds (e.g., earnings premium, debt-to-earnings ratio) used to determine whether programs are eligible for student loans and Pell Grants under the GE rule misclassify nearly one quarter (24 percent) of short-term certificate programs and degrees by for-profit colleges, leading to thousands of students being cutoff from education opportunities that provide real value while students in negative-ROI programs that barely skirt these requirements remain unprotected, as well as the millions of other students enrolled in low-value programs that aren't subject to the GE rule in the first place.⁶⁸ The same is true for other policies by ED that attempt to micromanage how colleges conduct their everyday business.⁶⁹ Indeed, what might be well-intentioned scrutiny by ED with respect to IHEs contracts with third-party service providers and tuition rates would result in substantial compliance costs that inevitably get passed on to students through higher prices.⁷⁰ And while no one disagrees that protecting students and taxpayers should be the primary focus when it comes to ED's oversight of college mergers or acquisitions, recent regulatory changes have injected more uncertainty and cost into an already difficult process that lengthen approval timelines and result in the shut down of struggling colleges and universities.

Recognizing this, CCRA repeals a host of expansive regulations issued in recent years and, in many cases, prevents ED from issuing new regulations going forward as well—including the 90/10 rule and GE. The bill also clarifies the instances in which ED can deem institutions financially responsible, and it streamlines program reviews as well as ED's oversight of mergers, acquisitions, and changes in ownership. Lastly, to avoid another reckless attempt by future administrations from expanding the definition of third-party servicers to micromanage private company payment

⁶⁷ Sources: College Scorecard, <https://studentaid.gov/data-center/school/proprietary>, <https://freopp.org/whitepapers/does-college-pay-off-a-comprehensive-return-on-investment-analysis/>.

⁶⁸ <https://freopp.org/whitepapers/accountable-or-not-evaluating-the-biden-administrations-proposed-gainful-employment-framework/>.

⁶⁹ For example, On February 15, 2023, the Department issued updated guidance through a Dear Colleague letter that attempted to redefine when organizations that contract with institutions are considered third-party servicers and, thereby, subject to disclosure, audit, and liability requirements. Additionally, on the same day, ED announced a public comment period and listening session on existing 2011 guidance that impacts how institutions can contract with online program managers, or OPMs, which are private companies that help bring programs online and serve additional students. <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2011-03-17/gen-11-05-subject-implementation-program-integrity-regulations>.

⁷⁰ <https://www.christenseninstitute.org/blog/congressional-testimony-on-higher-ed-allow-for-innovation-incentivize-student-outcomes/>.

structures, the CCRA clarifies that third-party servicers are not companies that provide services outside of administering financial aid. The HEA prohibits institutions from providing a commission or bonuses to individuals or entities based on securing enrollment or financial aid.⁷¹ However, third parties are exempt from the ban on incentive compensation if they provide a bundled set of services as outlined in the 2011 guidance.⁷² A company could receive financial compensation based on student enrollment if the company provides other services, such as technology support, in addition to student recruitment. However, the CCRA's language makes clear that a company receiving an incentive payment from an institution could not provide its own employees or subcontractors with incentive payments. This is an important protection that shields any taxpayer funding from abuses. While institutions are aware of what is known as the "bundled services guidance," codifying this policy will provide long-term clarity to universities on how they should wisely manage their private partnerships.

Committee Republicans believe that with a robust, outcomes-focused accountability system in place, there is no need for input-based regulations such as those focused on institutional control or third-party servicer contracts which only raise compliance costs for institutions. Additionally, input-based regulations are poor proxies for program quality that fail to protect students and taxpayers. Proponents of these regulations claim such repeals open the door for bad actors to take advantage of low-income learners, veterans, and other students receiving generous taxpayer support. However, such criticisms are unwarranted. The CCRA holds all schools accountable to the same standard, not just those who do not have Democrats' preferred tax status, which means all students (including veterans) are protected for low-value education programs unlike today. At the same time, the CCRA's carrots and sticks approach to accountability ensures that no IHE unfairly loses access to Title IV dollars based on imperfect metrics, and instead it creates a graduated scale of penalties and rewards to encourage IHEs to maximize the value they provide while cutting red tape to allow them the maximum opportunity to do so.

Limitations on Executive Authority

From illegal and expansive waivers of statutory requirements to untargeted and expensive repayment pauses, to the outright transfer of tens of millions of loans to those who didn't borrow them, ED has spent the last three and half years attempting to transform the student loan program into de facto "free" college, delivered in all the worst ways possible⁷³—in the face of the courts repeated reminders that such actions go far beyond what Congress ever intended. As a result of ED's false promises, millions of borrowers are now stuck in limbo, wondering when and how they will be able to repay their student loans. The CCRA prevents these unfair, inflationary, and illegal actions by repealing numerous regulations issued by ED, including the latest iteration of the Borrower De-

⁷¹ 2 CFR § 200.430(f).

⁷² <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2011-03-17/gen-11-05-subject-implementation-program-integrity-regulations>.

⁷³ <https://www.crfb.org/blogs/total-cost-student-debt-cancellation>. https://edworkforce.house.gov/uploaded.les/3.23.23_looney_testimony.pdf.

fense to Repayment (BDR) and closed school discharge regulations⁷⁴ as well as ED's "SAVE" plan. Further, to prevent any Education Department under any administration from pursuing such reckless policies in the first future, the CCRA prohibits ED from issuing any proposed or final regulation that is considered "economically significant" or that would otherwise increase the cost of the loan program. There is no such thing as forgiveness, just the shifting of debt burdens from one party to another, and the CCRA ensures such unfair and illegal actions never occur again.

Postsecondary Student Success Grants

After decades of subpar and stagnant completion rates,⁷⁵ institutions, research and advocacy organizations, and the Department have developed and experimented with a variety of methods to increase the rates at which students complete their degree or credential program. In doing so, ED has found that strong first-year orientation programs, the use of technology-integrated academic advising, and career services are all ways in which IHEs can boost their retention of students.⁷⁶ Moreover, this research also notes the success of articulation agreements between institutions to enable students to more easily transfer and retain the credit for learning they have already undergone. The Committee also heard directly from Dr. Tim Renick, Executive Director for the National Institute of Student Success, who led Georgia State University's pioneering effort to utilize predictive analytics to give students early interventions and help them get back on track for completion; this plan has resulted in a 23 percent increase in graduation rates since 2003.⁷⁷ Building off these results, the CCRA authorizes the existing Postsecondary Student Success Grant program for five years to support the efforts of institutions and their partners to test potential practices for long-term success. Studies have shown that taking on student debt without completing a degree leaves students in a more difficult position to repay their student loans.⁷⁸ Research to find proven strategies will pay dividends for challenged students and taxpayers.

TRANSPARENCY

A central element of market competition is consumers' ability to shop among a host of providers, which disciplines the market and holds prices to a reasonable level. However, comparison-shopping is all but non-existent in postsecondary education. The cost of a college education is often shrouded in complexity and unpredictability. Furthermore, due to a convoluted system of grants, scholarships, and discounts, the advertised tuition rates rarely reflect what stu-

⁷⁴ The Borrower Defense to Repayment (BDR) rule allows student loan borrowers to seek forgiveness if they can prove that their educational institution misled them or engaged in other misconduct in violation of certain state laws. Originating in 1994, BDR was initially a temporary measure designed to provide relief in specific cases of institutional malfeasance. For over two decades, the rule saw minimal use, with only five claims filed from its inception until 2015.

⁷⁵ https://nces.ed.gov/programs/digest/d21/tables/dt21_326.10.asp.

⁷⁶ <https://www.salesforce.org/resources/article/student-retention-strategies/>.

⁷⁷ <https://success.gsu.edu/>.

⁷⁸ <https://www.insidehighered.com/news/2018/08/08/link-between-college-completion-and-student-loan-repayment>; <https://www.federalreserve.gov/econres/notes/feds-notes/non-completion-student-debt-and-financial-well-being-20230821.html>.

dents end up paying,⁷⁹ and often the information that is provided is either misrepresented or outright inaccurate. This lack of transparency makes it challenging, if not impossible, for families to accurately compare institutions and plan for the full cost of education. What is worse, institutions spend billions annually in order to take advantage of students' limited choices and raise as much revenue as possible.

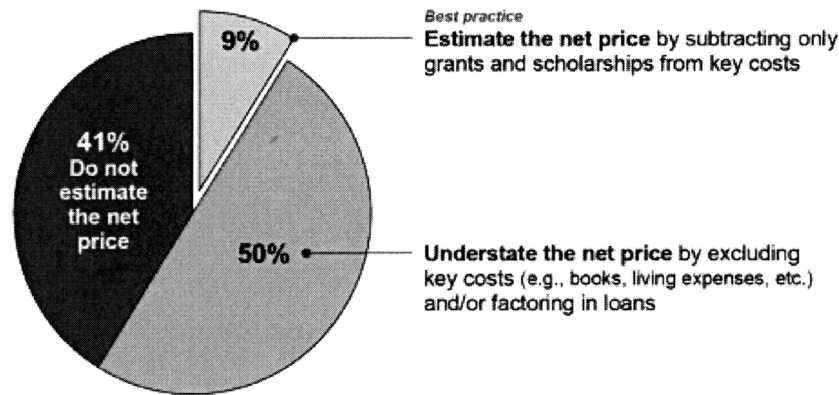
Students and families have every right to know how much they can reasonably expect to pay for college before they apply. Moreover, they deserve to know what they are actually paying for, including whether a prospective program of study will allow them to get a job or repay their loans, as well as the chances that they will ultimately complete their degree program before they enroll. To accomplish this, the CCRA makes several critical reforms to address the lack of transparency in postsecondary education and make college shopping more consumer friendly. Those reforms include ensuring students receive clear, accurate, and timely information about how much college costs and about what aid is available to help them pay for it as well as enhancing outcomes data to allow students to assess whether or not that program will provide them a positive ROI. Most importantly, the bill proposes rethinking college financing altogether by encouraging schools to move towards all-in, up-front pricing.

Financial Aid Offers; Net Price Calculators

Colleges typically send current and prospective students financial aid offers that include both federal and institutional aid. Students and families rely on these offers to understand how much colleges cost and the types and amounts of financial aid for which they are eligible. Students use the information in these offers to make key education and financial decisions, including whether to pursue postsecondary education, which college to attend, and how to finance their education. However, according to the Government Accountability Office (GAO), the vast majority of aid offers are inaccurate and misleading at best, and outright fraudulent at worst. The GAO found that just 9 percent of colleges provide an accurate net price to students; half of colleges understate the net price, such as treating or even labeling loans as grants, while 41 percent fail to provide students a net price at all.⁸⁰

⁷⁹ <https://www.aei.org/education/dont-get-scammed-by-college-scholarships/>.

⁸⁰ <https://www.gao.gov/products/gao-23-104708>.

Figure 10. Compliance with Financial Aid Offer Best Practices⁸¹

In response to the GAOs damning finding, H.R. 6951 requires IHEs to adopt standardized financial aid forms with uniform formatting requirements and key terminology. This includes an itemized list of expenses as well as an indication of whether those expenses are required or optional for enrollment; the amount of grants and scholarships available to cover those expenses; the net price of attendance, including the minimum and maximum amount a student could be expected to pay; and the options that students have to finance their remaining out-of-pocket costs, including loans and other non-grant aid (e.g., Federal Work Study). Just like when an individual goes to a bank to compare different mortgage options, students and families will be able to make apples-to-apples comparisons about their options for and costs of pursuing a postsecondary education.⁸¹

Additionally, recognizing the need for accurate information on costs *before* students apply for college, the CCRA establishes a Universal Net Price Calculator website that is embedded in both the College Scorecard (discussed below) and the FAFSA. In 2008, Congress required all IHEs receiving federal dollars under the HEA to post a net price calculator on their website—an online tool to provide prospective students with individualized cost and financial aid estimates; however, many of these calculators are difficult for students to find, use, and compare and often do not provide useful information. Under the CCRA, students and families will be able to go to a single website, enter in a few pieces of key information, and have personalized price estimates for individual schools and programs of study. Moreover, upon completing the FAFSA, each student will receive these personalized estimates automatically, allowing them to plan financially well in advance of having to pay their tuition bill.

College Scorecard; Postsecondary Student Data System

Today, data regarding completion, earnings, repayment, and other post-graduate outcomes are sparse and housed by various sources, making it difficult for prospective students to assess the quality of degree and credential offerings. Moreover, inconsistent

⁸¹ Sources: College Scorecard, <https://studentaid.gov/data-center/school/proprietary>, <https://freopp.org/whitepapers/does-college-pay-off-a-comprehensive-return-on-investment-analysis/>.

reporting requirements from multiple agencies increases institutional burden, forcing IHEs to focus more on government compliance than on student success. To improve transparency and reduce administrative burden, the CCRA authorizes a secure, privacy-protected student-level data system to streamline reporting requirements and enhance outcomes data so students can evaluate their ROI in postsecondary education. In doing so, the CCRA also requires the Department to update the College Scorecard to include this enhanced information, including allowing students to receive personalized and disaggregated data on earnings, costs, and other measures of student success based on their individual financial circumstances and other characteristics. Importantly, the CCRA specifies extensive privacy protections as well as makes clear the limits to which data can be collected, including by restricting data collection to students receiving federal financial assistance and prohibiting the collection of data elements outside of those authorized in statute. Taken together, the Committee Republicans believe these improvements to postsecondary data align with the goals and interests of students, policymakers, and postsecondary education stakeholders alike.

Maximum Price Guarantee

Unlike other major investments such as homes or cars, the total amount one will ultimately be required to pay for a college degree is not known up front. Indeed, most students don't know this final amount until they receive their last billing statement before graduation. This lack of transparency creates unnecessary barriers and complexity and exacerbates problems of institutional fit and college affordability. Committee Republicans believe there is no reason that IHEs cannot provide students with an up-front pricing option, especially if institutions are provided with additional financial assistance to do so.⁸² As such, the CCRA requires that IHEs, as a condition of receiving PROMISE Grants, provide students with a "maximum price guarantee" for their program offerings. This means that, for example, colleges would disclose the entire price cost of their individual programs up front and keep that price constant throughout a student's enrollment, up to a maximum of six years or the institution's median time to degree (whichever is less).

For students, the benefits of the maximum price guarantee are substantial. When students are blindsided by tuition increases, it can create financial strain and even force some students to drop out.⁸³ By eliminating the fear of unexpected tuition hikes, the maximum price guarantee provides students and families predictability when it comes to financing postsecondary education. This stability allows students to focus more on their studies and less on financial concerns, improving persistence and completion rates. Moreover, it improves affordability: students receiving private scholarships their freshman year would see their total price further reduced, while those who borrow and receive aid in their junior or senior year, for example, could apply those scholarships to their loans' principal balance.⁸⁴ Price transparency is financially advantageous to insti-

⁸² <https://files.eric.ed.gov/fulltext/ED604327.pdf>.

⁸³ <https://hechingerreport.org/august-surprise-that-college-scholarship-you-earned-might-not-count/>.

⁸⁴ <https://files.eric.ed.gov/fulltext/ED604327.pdf>.

tutions as well. Research and case studies from individual institutions suggest that clear, predictable pricing can make institutions more attractive to applicants, potentially boosting enrollment.⁸⁵

Further, while colleges may complain that such pricing would be difficult to implement, most IHEs already use sophisticated pricing strategies to charge students the maximum they are willing to pay to enroll, and they spend billions of dollars doing so.⁸⁶ The maximum price guarantee would not change these internal practices; they would simply ensure that these hidden prices would be revealed to students instead of concealed by institutions. Moreover, if schools are concerned about their ability to provide consumers with the same kind of transparency they get in any other market, plenty of institutions would likely be willing to share their best practices for implementation. For example, Purdue University has kept its tuition flat since 2013, which has cumulatively saved students and their families more than \$1 billion as a result.⁸⁷

CONCLUSION

Americans across the political spectrum agree that student debt is too high, completion rates are too low, and far too many individuals are left worse off financially for investing in postsecondary education. For too long, policymakers have relied on patchwork “solutions” that exacerbate these problems without addressing the root cause: the inflated cost of obtaining college degrees with questionable value. Committee Republicans are stepping up to fix the underlying problem permanently. H.R. 6951, the *College Cost Reduction Act*, provides a comprehensive solution that will lower college costs for students, families, and taxpayers.

H.R. 6951 SUMMARY

There is bipartisan agreement that student loan debt is too high, completion rates are too low, and far too many students are left worse off after paying for postsecondary education than if they had never enrolled in the first place. For too long, policymakers have relied on patchwork “solutions” that exacerbate these problems without addressing their root cause: the inflated cost of obtaining a college degree. Fortunately, Committee Republicans are stepping up to fix the underlying problem permanently through H.R. 6951, the *College Cost Reduction Act*, which provides a comprehensive solution that will lower college costs for students and families:

- Promotes a new quality assurance model.
 - *Ensures colleges have skin in the game* by holding them financially responsible when they charge too much for degrees that leave students with debt they can’t afford.
 - *Ends the regional accreditation monopoly* and creates an environment for new quality assurance entities to provide their expertise to postsecondary education programs.
 - *Focuses on outcomes rather than inputs* when assessing the quality and relevancy of postsecondary credentials.
- Reins in the executive branch.

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⁸⁶ <https://hep.gse.harvard.edu/9781682538920/lifting-the-veil-on-enrollment-management/>.

⁸⁷ <https://marcom.purdue.edu/contentpkg/purdues-13th-year-of-frozen-tuition/#::text=While%20student%20loan%20debt%20has,freeze%20began%20in%202012%2D13.>

- *Repeals excessive and burdensome regulations* that increase administrative costs for institutions that are ultimately passed on to students and families.
- *Prohibits executive overreach* by barring the Department of Education from transferring student debt to hard-working Americans who never stepped foot on a college campus.
- Removes barriers to graduation.
 - *Provides Postsecondary Student Success Grants* to help ensure high-need students complete their postsecondary education through evidence-based practices.
 - *Fosters completion* by making it easier for students to transfer credits and ensuring that students can receive a credential for the learning they have completed.
- Empowers students and families.
 - *Ensures information about college costs is clear, accessible, and consumer-friendly* through standardized financial aid offers and enhanced college-shopping tools that provide personalized prices to students for postsecondary degrees and credentials.
 - *Streamlines and enhances data collection and reporting* on college outcomes which will improve decision making and allow prospective students to assess their return on the cost of postsecondary education.
- Promotes economic mobility.
 - *Provides performance-based PROMISE grants* with flexible uses of funds to institutions committed to lowering tuition, aligning degree programs with labor market needs, and enrolling and graduating low-income students.
- Prevents colleges from endlessly raising tuition.
 - *Requires colleges to offer degree programs at an upfront, guaranteed price* in order to receive performance-based funding, allowing students to know the cost of an entire degree program before they enroll.
 - *Sunsets the inflationary PLUS loan program* which effectively allows for unlimited borrowing, resulting in skyrocketing costs for graduate students while creating a debt trap for countless low-income families.
- Protects borrowers from unaffordable debt.
 - *Institutes flexible loan limits that vary by fields of study* that allow students to borrow up to the median cost of college and provides financial aid administrators flexibility to further reduce borrowing at their institution.
 - *Simplifies and improves student loan repayment*, offers targeted relief to those harmed by the current system, and provides repayment assistance to struggling borrowers to ensure they always see progress towards paying off their loans.

H.R. 6951 SECTION-BY-SECTION SUMMARY

Section 1—Short title / table of contents

The short title is “College Cost Reduction Act”

Section 2—References

Clarifies any amendment or repeal is with respect to the *Higher Education Act of 1965* unless otherwise noted.

TITLE I—TRANSPARENCY

PART A—DEFINITIONS

Section 101—Definitions

Establishes the following definitions: “CIP code,” “credential level,” “program of study,” “program length,” “time to credential,” and “value-added earnings.”

PART B—COLLEGE COSTS AND FINANCIAL VALUE

Section 11—Financial aid offers

Requires the Secretary to create a standardized financial aid offer form that includes standardized definitions and terminology, formatting requirements, and information for students and families. Requires all Title IV-participating institutions to use such offer developed by the Department following consumer testing. Provides institutions with flexibility to remove or amend certain elements of the aid offer if they are not applicable to a given student or institution.

Section 112—College scorecard website

Requires the Secretary to update and maintain the College Scorecard website with key information about colleges and universities. Requires the College Scorecard to include aggregated, program-level statistics on college costs, financial aid, and student outcomes, as well as to allow students to create customizable comparisons of degree and certificate programs offered at IHEs. Establishes a Universal Net Price Calculator to provide personalized estimates of college costs for students before they enroll, including automatic estimates for students after they fill out their FAFSA.

Section 113—Postsecondary student data system

Directs the Commissioner of the National Center on Education Statistics (NCES) to develop and maintain a secure postsecondary student data system to evaluate student-level enrollment, progression, and completion patterns, post-college outcomes, postsecondary costs, and financial aid of students receiving federal financial assistance under Title IV or military and veterans education benefits provided under federal law. Requires the NCES Commissioner to focus on the needs of users in developing the data system, follow relevant web design and digital service standards, and ensure student data privacy and security in accordance with federal standards. Authorizes the Secretary and NCES Commissioner to consider reporting to the new postsecondary student data system as sufficient to satisfy any other reporting required under section 132 of the HEA in cases where the same reporting or collection of data is required and directs the NCES Commissioner to periodically review methods for streamlining data collection and minimizing duplicative reporting. Prohibits the collection of any data elements that are not authorized in statute, including health data, discipline records or data, elementary and secondary education data, physical

addresses, political affiliation, and religion. Directs the NCES Commissioner to enter into agreements with other federal agencies to create secure linkages between the postsecondary data system and other federal data systems. Requires the NCES Commissioner to promulgate guidance and regulations related to data access and security. Establishes a postsecondary student data system advisory committee composed of students, state higher education agencies, institutions, and representatives from relevant federal agencies. Requires the committee to provide a report to Congress with recommendations for additional data elements to be included in the postsecondary student data system. Requires the NCES Commissioner to make summary aggregate information available to the public in a user-friendly format on institution-and program-level data, as well as to develop and implement a secure process for making non-personally identifiable student-level data available for research and evaluation purposes and to allow institutions and states to request and receive non-personally identifiable information and aggregate summary data on current and former students.

Section 114—Database of student information prohibited

Prohibits the establishment of any student data system other than that established in section 132 of the HEA, as amended by section 113 of the bill.

TITLE II—ACCESS AND AFFORDABILITY

PART A—FINANCIAL NEED

Section 201—Amount of need; cost of attendance; median cost of college

Amends sections 471 and 472 of the HEA to calculate students' financial need for purposes of federal student aid eligibility using the MCOC of students' program of study beginning in award year 2025–2026. Defines the MCOC as the median cost of attendance for all students enrolled in a specific program of study nationally during the previous award year. Restores the exemption of certain assets under the FAFSA.

PART B—FINANCIAL AID

SUBPART 1—GRANTS

Section 211—Federal Pell Grant program

Caps the maximum Pell Grant award at the MCOC of students' program of study.

Section 212—Campus-based aid programs

Amends subpart 4 of the HEA to replace the Leveraging Education Assistance Program with the Promoting Real Opportunities to Maximize Investments and Savings in Education (PROMISE) grant program. Establishes a formula for determining each IHE's PROMISE grant based on the ratio of the average value-added earnings of an IHE's graduates and average maximum total price of an IHE's programs, the total amount of Pell Grant dollars awarded to students at the institution, the percentage of low-income students who complete or successfully transfer from the insti-

tution on time, and the amount of campus-based aid funding the school already receives under the Supplemental Educational Opportunity Grants (SEOG) and Federal Work-Study (FWS) programs. Caps the maximum amount an IHE can receive under the PROMISE program each year at \$5,000 per federal student aid recipient. Allows IHEs eligible for PROMISE grants to use 100 percent of their SEOG and FWS funds for PROMISE grant purposes. Establishes flexible uses of funds for IHEs to improve college affordability, college access, and student success. Requires IHEs to report and evaluate how funds are used, as well as to disseminate best practices based on those evaluations. Requires IHEs to provide prospective students a guaranteed maximum total price based on their family income and financial need (as determined by the FAFSA) for each program of study at their institution; this guaranteed maximum total price will be locked in for a minimum period of enrollment (up to six years or the institution's median time to completion, whichever is less). Requires the Secretary to use reimbursements made by IHEs under section 311 of the bill and funds returned under section 484B of the HEA to make PROMISE grants to eligible institutions and requires the Secretary to prioritize grants based on the percentage of low-income students enrolled at the IHE if such funds are insufficient to award a PROMISE grant to each eligible IHE.

SUBPART 2—LOANS

Section 221—Loan limits

Caps aggregate student loan limits at \$50,000 for undergraduate students (up to \$23,000 of which can be subsidized loans), \$100,000 for graduate students, and \$150,000 for students in graduate professional programs. Additionally, the bill allows undergraduates enrolled in certain qualifying programs subject to federally regulated licensure requirements to exceed the aggregate undergraduate loan limit. Caps the total aggregate amount of federal loans a student can borrow at \$200,000. Eliminates the current annual loan limits under the Stafford program that vary by student characteristics and year of study and instead sets annual borrowing limits to the MCOC of a student's program (minus the amount of a student's Pell Grant, as applicable). Provides financial aid administrators with additional flexibility to lower loan limits for certain categories of borrowers and the earnings and repayment outcomes of graduates. Sunsets the Grad PLUS and Parent PLUS loan programs beginning July 1, 2025 and allows current students and parents to access PLUS loans until they complete their program of study or three years after enactment, whichever is less.

Section 222—Loan repayment

Streamlines the number of federal student loan repayment plans down to two plans: a standard 10-year plan and an IDR plan dubbed the "repayment assistance plan." Current borrowers paying under one of the existing fixed repayment plans eliminated under the bill will be able to continue paying under those plans or choose to pay under the standard 10-year plan or the new repayment assistance plan. Borrowers choosing the IDR plan must pay 10 percent of their annual income above 150 percent of the federal pov-

erty line. Ensures that borrowers making on-time monthly payments will see at least half their payment applied to their loan's principal, even if the payment does not fully cover accrued interest; any remaining unpaid interest is waived. Eliminates time-based forgiveness under IDR and caps the total amount of payments borrowers are required to pay at the amount of principal and interest owed under the standard 10-year plan and allows borrowers currently in repayment to retroactively receive this benefit if they enroll in the IDR plan. Prohibits the Secretary from creating new repayment plans and from modifying an existing repayment plan in a manner that increases costs to the government.

Section 223—Loan rehabilitation

Permits defaulted loans to go through the established process of loan rehabilitation twice, rather than just once.

Section 224—Interest capitalization

Prohibits the accrued interest on federal student loans from capitalizing at the end of forbearance and certain types of deferment subsequent to enactment of this Act. Eliminates all instances of interest capitalization for current and new borrowers effective upon enactment.

Section 225—Origination fees

Eliminates the administrative origination fees on all new student loans issued on or after July 1, 2025.

TITLE III—ACCOUNTABILITY AND STUDENT SUCCESS

PART A—ACCOUNTABILITY

SUBPART 1—DEPARTMENT OF EDUCATION

Section 301—Agreements with institutions

Amends section 454 of the HEA to require IHEs participating in the direct loan program to reimburse the Secretary for a percentage of the “non-repayment balance” associated with loans they disburse to students. Requires the Secretary to calculate a reimbursement percentage for each cohort of students who graduate from a program of study in an award year or whom leave the institution before completing a program of study. The reimbursement percentage for completing cohorts is equal to a ratio of the value-added earnings of former graduates of such program of study and the total price charged to students in the cohort, while the percentage for non-completing cohorts is determined by the percentage of students who do not graduate or successfully transfer within 150 percent of the expected time to completion. Requires the Secretary to calculate the non-repayment balance each year for each cohort of students, which is the sum of any missed or partial payments plus any amount of principal and interest discharged by the Secretary under IDR or other programs, with the exception of total and permanent disability discharge and the teacher loan forgiveness program. Requires IHEs to reimburse ED each year an amount equal to the product of the non-repayment balance calculated for each cohort in such year and the reimbursement percentage that was calculated for the cohort when such cohort was initially established.

Establishes escalating penalties for late payments, starting with requiring IHEs to pay interest on late payments and scaling up to loss of Title IV eligibility. Requires the Secretary to waive 50 percent of payments due for a given program if an IHE voluntarily agrees to cease disbursement of federal student loans for the program (or a substantially similar program) for 10 years.

Section 302—Regulatory relief

Repeals current regulations and eliminates authority for any future regulations for both the 90/10 rule as well as Financial Value Transparency and Gainful Employment (with the exception of certain reporting requirements).

Repeals current regulations and reforms the process for schools seeking to change institutional ownership or convert from a for-profit to a non-profit institution. Requires IHEs to pay an administrative fee when submitting change of control and conversion applications and directs administrative fees to be used by ED and the IRS to hire staff and reduce the application processing time as well as conduct oversight. Repeals current regulations related to financial responsibility and clarifies circumstances in which ED determines whether an institution is financially responsible; requires ED to undergo a new rulemaking process to update the financial responsibility ratios no later than 18 months after enactment. Requires the Secretary provide a detailed written justification for a program review, when practicable. Requires the Secretary to conduct, respond to, and conclude program reviews within specified timeframes.

Clarifies that a third-party providing recruiting or admissions activities for an institution as part of a larger bundle of services may receive a commission, bonus, or other incentive payment; to receive such a payment, the third party may not provide an incentive-based payment to its employees or subcontractors or award or disburse federal financial aid awards. Affirms the definition of third-party servicer to be an entity that contracts with an institution to administer any aspect of the institution's Title IV student assistance programs, but not any entity which conducts activities or interacts with prospective or enrolled students for the purposes of marketing or recruiting, assisting with completion of applications for enrollment, administering ability-to-benefit tests, conducting activities for student retention, and providing instructional content or developing curricula or course materials; prohibits the Secretary from regulating the definition of third-party servicer.

Repeals other new regulations issued by ED related to closed school discharges, BDR, pre-dispute arbitration, false certification, administrative capability, certification procedures, and ability to benefit, as well as guidance related to personal liability for owners of proprietary institutions. Prohibits any substantially similar regulation on these topics from being issued by ED.

Section 303—Limitation on authority of Secretary to propose or issue regulations and executive actions

Requires the Secretary to confirm that any new regulations or executive actions issued related to the student loan program will

not increase costs to the federal government. Prohibits any regulations from being issued that cannot meet that threshold.

Section 304—Office of Federal Student Aid

Clarifies the federal preemption of state laws that conflict with federal requirements for and the operations of federal student loan servicers and requires the Office of Federal Student Aid (FSA) to provide student loan servicers actionable guidance related to new operations and information about any modifications to contracts at least 30 days before such changes take effect. This section also prohibits any actionable guidance to student loan servicers outside of formal contract modifications and Dear Colleague letters and clarifies that all other forms of guidance from FSA are non-binding.

SUBPART 2—ACCREDITORS

Sec. 311—Accrediting agency recognition

Repeals the regional accreditation structure by aligning the HEA with regulations issued in 2019 and permits accreditors to operate within a state or nationally and as an institutional or programmatic accreditor. Requires an accreditor to be both administratively and financially separate from and independent of any related or affiliated trade association or membership organization. Requires an accreditor's board or governing body to have at least one public member representing business for every six members of the accreditor's board or governing body, though it clarifies that public members cannot be a member of any related or affiliated trade association or membership organization. Requires each accreditor to establish guidelines for members of the board or governing body to avoid conflicts of interest, ensuring no member either is an employee of any institution accredited by the agency or has a financial interest in any of the accredited institutions.

Specifies that an accreditor must establish student achievement outcomes standards to assess the quality of institutions and programs of study, including a program of study's median total price relative to the median value-added earnings of graduates; learning outcomes measures, such as competency attainment; labor market outcomes, such as employer satisfaction and employment rates; and student success outcomes, such as completion rates and loan repayment rates.

Allows a state to designate an entity, such as an industry-specific quality assurance entity, for a five-year period to be an accreditor for the purposes of verifying the quality of degrees and credentials eligible for Title IV funding. States are required to submit a plan to the Secretary describing the process the state used to select the entity for designation, a justification of the state's decision, a description of any of the additional requirements that the state imposed on the entity as a condition of receiving and maintaining the designation, a copy of the policies and procedures of the entity, the state's assessment of how the designated entities' standards will be effective in holding institutions accountable, and evidence that at least one other state has determined the accreditor to be a reliable authority for being a Title IV accreditor. The Secretary is required to approve and respond to the state's plan and publish the plan and the Secretary's response in the *Federal Register* for a 30-day

public comment period. States are also required to submit a report at the end of the five-year period that contains completion data for the designated accreditor's institutions and programs overseen disaggregated by type of credential, certification, or degree.

Allows the Secretary to recognize an accreditor for up to an additional three years if the accreditor has demonstrated capability and compliance. Allows prospective accreditors to be recognized by the Secretary before the customary timeframe of two or more years if the prospective accreditor can demonstrate it has at least one year of experience making accreditation decisions, meets the criteria required, and agrees to submit monitoring reports.

Directs the Secretary to convene a panel to develop common terminology for accrediting decisions, such as a common understanding of monitoring, warning, showing cause, and other relevant statuses, so the public and institutions have a better understanding of accreditors' actions. Requires accreditors to only review the following: substantive changes that significantly impact the institution's educational mission; change in legal status, control, or ownership; new programs at a higher credential level than already offered at an institution; and when an institution enters into a contract with an organization providing a certain amount of educational instruction. Requires accreditors to post all actions taken by the accreditor and a summary of why any adverse actions were taken. Directs accreditors to confirm an institution does not deny transfer of credit solely on the accreditation of the institution where the credit was earned. Requires accreditors to post on their websites for public inspection a list of all institutions accredited by the agency, the year the accreditation was granted, the date of the most recent comprehensive evaluation, and the anticipated date of the next evaluation.

Prohibits accreditors from requiring the institutions and programs they accredit to meet any litmus tests, such as requiring adherence to DEI standards, as a condition of accreditation. Prohibits accreditors from assessing the roles of elected and appointed state and federal officials and legislative bodies. Prohibits an accreditor from requiring an institution to develop a degree program, certificate, or credential that is not in response to the needs of an industry or occupation. Prohibits the Secretary from establishing any additional criteria for accreditors. Limits the standards institutions or programs must meet to be Title IV-eligible to those standards in the law.

Allows any institution or program of study not under sanction by their accreditor or a state agency to change accreditors without the approval of the Secretary, including when an institution is changing accreditors to follow state law. Requires the Secretary to recognize if an institution chooses to be accredited by more than one accreditor and allows an institution to change the designation of which accreditor determines its Title IV eligibility at the end of the institution's recognition period.

Requires an accreditor to consistently apply and enforce standards that respect an institution's religious mission by basing decisions only on the standards of accreditation. Prevents an accreditor from using policies of an institution that reflect the institution's religious mission as a negative factor in determining its compliance with certain required standards. Provides IHEs the option to file

a complaint with the Secretary if the institution believes that an accreditor's adverse action is based on the institution's religious mission.

Requires an accreditor to develop an annual process to identify institutions or programs of study not meeting accreditation standards and help the struggling institutions or programs of study remedy the performance issues. Directs accreditors to also establish a risk-based review process to assess compliance based on how well an institution or program is performing. Requires an accreditor to categorize each institution or program using methods such as peer benchmarking to understand the institution's or program's performance in comparison with its peers. Allows accreditors to take actions to avoid or minimize the risk of an institution with declining performance that has not improved, such as limiting program enrollment, before the accreditor revokes accreditation. Allows accreditors to reduce compliance requirements for institutions or programs of study meeting or exceeding performance standards. Prohibits any risk-based review process from discriminating against an institution based on the institutional sector, including an institution's tax status.

Sec. 312—National Advisory Committee on Institutional Quality and Integrity (NACIQI)

Disqualifies an individual from being an appointed member to NACIQI if the person has a significant conflict of interest that will require that individual to frequently recuse himself or herself and requires recusals to be published in each NACIQI agenda. Narrows the function of NACIQI to only the functions listed in statute. Re-authorizes NACIQI until September 30, 2028.

Sec. 313—Alternative quality assurance experimental site initiative

Establishes a voluntary experimental site initiative for five years to evaluate whether institutions and non-institutional education providers can maintain high student achievement outcomes for the purposes of receiving Title IV funding without being accredited by a Department-recognized accreditor.

PART B—STUDENT SUCCESS

Section 321—Postsecondary student success grants

Codifies and reforms the existing Postsecondary Student Success Grant at the most recently appropriated level of \$45,000,000 for fiscal years 2025 through 2030. The competitive grant would support institutions, partnerships between institutions and non-profit educational organizations, or a consortium of institutions in implementing, replicating, and further evaluating evidence-based completion and retention activities designed to ensure the postsecondary success of high-need students.

Establishes three tiers of evidence-based reforms or practices distinguishing each tier based on the amount of prior research that suggests the reform or practice has promise of successfully improving student achievement or attainment for high-need students. Reserves 2 percent of the funds to increase the participation and completion rates of high-need students in Tribal Colleges and Universities. Requires applicants to submit a plan to increase achieve-

ment and completion, including a description of which evidence tiers would be met by the reforms or practices to be carried out, a description of how the proposed project will serve high-need students, annual benchmarks for student outcomes to be attained by the reforms or practices, and a plan to evaluate the reforms or practices. Reserves not less than 20 percent of the grant awards for eligible entities that propose to include at least one reform or practice that meets evidence tier three.

Requires funds to be used for evidence-based reforms or practices for improving retention and completion rates, such as real-time data on student progress and improving transfer student success; direct student support services, including a combination of tutoring, other academic support, and emergency financial assistance; and efforts to prepare students for a career, such as networking opportunities, career counseling, and work-based learning opportunities. Requires the Secretary to evaluate the effectiveness of the reforms and practices carried out by the grantees, disseminate information on the impact of these activities on increasing completion and retention of students, and submit a report to Congress.

Section 322—Reverse Transfer Efficiency Act

Allows an institution to release education records to another institution to facilitate the awarding of a recognized postsecondary credential to students for the learning they have completed, as long as the student provides written consent prior to receiving the credential.

Section 323—Transparency and fairness in transfer credit policies

Requires each Title IV participating institution to publicly disclose its transfer of credit policies regarding acceptance or denial of academic credit earned at another institution and prohibits the institution from establishing a transfer of credit policy that denies credit earned at another institution based solely on the source of accreditation of the sending institution.

EXPLANATION OF AMENDMENTS

The amendments, including the amendment in the nature of a substitute, are explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. H.R. 6951 lowers college costs for students and families by focusing on policies to increase transparency and accessibility in the college financing system. H.R. 6951 is applicable to institutions of higher education and therefore does not apply to the Legislative Branch.

UNFUNDED MANDATE STATEMENT

Pursuant to Section 423 of the Congressional Budget and Impoundment Control Act of 1974, Pub. L. No. 93–344 (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act of 1995, Pub. L. No. 104–4), the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office

(CBO) pursuant to section 402 of the Congressional Budget and Impoundment Control Act of 1974.

EARMARK STATEMENT

H.R. 6951 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of House rule XXI.

ROLL CALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for an against and the names of the Members voting for and against.

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 1

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Not adopted by a Full Committee Roll Call Vote (17 y – 22 n)

Sponsor/Amendment: **En Bloc #1:** DAMD_01(Hayes), DAMD_03(Stevens), DAMD_02 (DeSaulnier), DAMD_05 (Courtney), DAMD_04 (F. Wilson)

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURNEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLON (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)			X
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)			X
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)		X					
Mr. WILLIAMS (NY)		X					
Ms. HOUGHIN (IN)		X					

TOTALS: Ayes: 17

Nos: 22

Not Voting: 6

Total: 45 / Quorum: 39/ Report:

(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 2

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Not adopted by a Full Committee Roll Call Vote (18 y – 22n)

Sponsor/Amendment: **En Bloc #2:** DAMD_026 (Hayes), DAMD_017 (Stevens), DAMD_019 (Bowman), DAMD_033 (Bowman)

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRUJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURNTEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLAN (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)	X		
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)			X
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)		X					
Mr. WILLIAMS (NY)		X					
Ms. HOUCHIN (IN)		X					

TOTALS: Ayes: 18

Nos: 22

Not Voting: 5

Total: 45 / Quorum: 40 / Report:

(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 3

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Not Adopted by a Full Committee Roll Call Vote (18 y – 22n)

Sponsor/Amendment: **En Bloc #3:** HAYECT_062 (Hayes), DAMD_024 (Adams), Jayapa_087 (Jayapal), DAMD_022(Omar), OMARMN_067 (Omar), OMARMN_068 (Omar)

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURTEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLON (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)	X		
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)			X
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)		X					
Mr. WILLIAMS (NY)		X					
Ms. HOUCHEIN (IN)		X					

TOTALS: Ayes: 18

Nos: 22

Not Voting: 5

Total: 45 / Quorum: 40/ Report:

(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 4

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Not Adopted by a Full Committee Roll Call Vote (19 y – 22 n)

Sponsor/Amendment: **En Bloc #4:** DAMD_09 (F. Wilson), DAMD_027 (Takano), DAMD_11 (McBath), DAMD_12 (Jayapal), DAMD_10 (Manning), DAMD_021 (Scott)

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURNTEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLAN (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)	X		
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)	X		
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)		X					
Mr. WILLIAMS (NY)		X					
Ms. HOUCHIN (IN)		X					

TOTALS: Ayes: 19

Nos: 22

Not Voting: 4

Total: 45 / Quorum: 41 / Report:

(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 5

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Not adopted by a Full Committee Roll Call Vote (19 y – 22 n)

Sponsor/Amendment: Rep. Scott/ DAMD_06

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURNTEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLAN (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)	X		
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)	X		
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)		X					
Mr. WILLIAMS (NY)		X					
Ms. HOUCHIN (IN)		X					

TOTALS: Ayes: 19

Nos: 22

Not Voting: 4

Total: 45 / Quorum: 41 / Report:
(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 6

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Not adopted by a Full Committee Roll Call Vote (19 y – 22 n)

Sponsor/Amendment: **En Bloc #5:** DAMD_07 (Leger Fernandez), SABLAN_033 (Sablan), JAYAPA_086 (Jayapal)

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURNEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLAN (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)	X		
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)	X		
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)		X					
Mr. WILLIAMS (NY)		X					
Ms. HOUCHIN (IN)		X					

TOTALS: Ayes: 19

Nos: 22

Not Voting: 4

Total: 45 / Quorum: 41 / Report:

(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 7

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Not Adopted by a Full Committee Roll Call Vote (19 y – 22 n)

Sponsor/Amendment: Rep. Takano/ DAMD_08

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURNTEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLON (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)	X		
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)	X		
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)		X					
Mr. WILLIAMS (NY)		X					
Ms. HOUCHIN (IN)		X					

TOTALS: Ayes: 19

Nos: 22

Not Voting: 4

Total: 45 / Quorum: 41/ Report:

(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 8

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Not Adopted by a Full Committee Roll Call Vote (19 y – 22 n)

Sponsor/Amendment: Rep. Adams/ DAMD_016

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURNTEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLAN (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)	X		
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)	X		
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)		X					
Mr. WILLIAMS (NY)		X					
Ms. HOUCHIN (IN)		X					

TOTALS: Ayes: 19

Nos: 22

Not Voting: 4

Total: 45 / Quorum: 41/ Report:

(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 9

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Not Adopted by a Full Committee Roll Call Vote (19 y -21 n)

Sponsor/Amendment: Rep. Bonamici/ DAMD_015

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURNTEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLAN (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)	X		
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)	X		
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)		X					
Mr. WILLIAMS (NY)		X					
Ms. HOUCHIN (IN)			X				

TOTALS: Ayes: 19

Nos: 21

Not Voting: 5

Total: 45 / Quorum: 40/ Report:

(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 10

Bill: H.R.6951

Amendment Number: n/a

Disposition: Not adopted by a Full Committee Roll Call Vote (19 y -22 n)

Sponsor/Amendment: Rep. Omar/ DAMD_014

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURNTEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLAN (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)	X		
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)	X		
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)		X					
Mr. WILLIAMS (NY)		X					
Ms. HOUCHIN (IN)		X					

TOTALS: Ayes: 19

Nos: 22

Not Voting: 4

Total: 45 / Quorum: 41/ Report:

(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 11

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Not adopted by a Full Committee Roll Call Vote (20 y – 21 n)

Sponsor/Amendment: Rep. Manning/ DAMD_018

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)			X	Mr. COURNTEY (CT)	X		
Mr. WALBERG (MI)		X		Mr. SABLAN (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)	X		
Ms. STEFANIK (NY)		X		Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)		X		Mr. TAKANO (CA)	X		
Mr. BANKS (IN)		X		Ms. ADAMS (NC)	X		
Mr. COMER (KY)		X		Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)		X		Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. JAYAPAL (WA)	X		
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)	X		
Mrs. MILLER (IL)		X		Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)		X		Ms. OMAR (MN)	X		
Mr. ESTES (KS)			X	Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)		X		Ms. LEGER FERNÁNDEZ (NM)	X		
Mr. KILEY (CA)		X		Ms. MANNING (NC)	X		
Mr. BEAN (FL)		X		Mr. MRVAN (IN)	X		
Mr. BURLISON (MO)		X		Mr. BOWMAN (NY)	X		
Mr. MORAN (TX)		X					
Mr. JAMES (MI)		X					
Ms. CHAVEZ-DEREMER (OR)	X						
Mr. WILLIAMS (NY)		X					
Ms. HOUCHIN (IN)		X					

TOTALS: Ayes: 20

Nos: 21

Not Voting: 4

Total: 45 / Quorum: 41 / Report:

(25 R - 20 D)

Date: 1/31/24

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 12

Bill: H.R. 6951

Amendment Number: n/a

Disposition: Motion to Report H.R. 6951, as amended, passed by a Full Committee Roll

Call Vote (22 y – 19 n)

Sponsor/Amendment: Rep. Owens/ H6951_ANS/ Motion to Report

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)	X			Mr. SCOTT (VA) (Ranking)		X	
Mr. WILSON (SC)	X			Mr. GRUJALVA (AZ)		X	
Mr. THOMPSON (PA)			X	Mr. COURNTEY (CT)		X	
Mr. WALBERG (MI)	X			Mr. SABLAN (MP)		X	
Mr. GROTHMAN (WI)	X			Ms. WILSON (FL)		X	
Ms. STEFANIK (NY)	X			Ms. BONAMICI (OR)		X	
Mr. ALLEN (GA)	X			Mr. TAKANO (CA)		X	
Mr. BANKS (IN)	X			Ms. ADAMS (NC)		X	
Mr. COMER (KY)	X			Mr. DESAULNIER (CA)		X	
Mr. SMUCKER (PA)	X			Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)	X			Ms. JAYAPAL (WA)		X	
Mr. GOOD (VA)	X			Ms. WILD (PA)		X	
Mrs. MCCLAIN (MI)			X	Ms. MCBATH (GA)		X	
Mrs. MILLER (IL)	X			Mrs. HAYES (CT)		X	
Mrs. STEEL (CA)	X			Ms. OMAR (MN)		X	
Mr. ESTES (KS)			X	Ms. STEVENS (MI)		X	
Ms. LETLOW (LA)	X			Ms. LEGER FERNÁNDEZ (NM)		X	
Mr. KILEY (CA)	X			Ms. MANNING (NC)		X	
Mr. BEAN (FL)	X			Mr. MRVAN (IN)		X	
Mr. BURLISON (MO)	X			Mr. BOWMAN (NY)		X	
Mr. MORAN (TX)	X						
Mr. JAMES (MI)	X						
Ms. CHAVEZ-DEREMER (OR)	X						
Mr. WILLIAMS (NY)	X						
Ms. HOUCHIN (IN)	X						

TOTALS: Ayes: 22

Nos: 19

Not Voting: 4

Total: 45 / Quorum: 41/ Report:

(25 R - 20 D)

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause (3)(c) of House rule XIII, the goal of H.R. 6951, is to lower the cost of postsecondary education for students and families.

DUPLICATION OF FEDERAL PROGRAMS

No provision of H.R. 6951 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

REQUIRED COMMITTEE HEARING

In compliance with clause 3(c)(6) of rule XIII the following hearing held during the 118th Congress was used to develop or consider H.R. 6951: On July 27, 2023, the Committee on Education and the Workforce, Subcommittee on Higher Education and Workforce Development, held a hearing on “Lowering Costs and Increasing Value for Students, Institutions, and Taxpayers.”

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following estimate for H.R. 6951 from the Director of the Congressional Budget Office:

At a Glance			
H.R. 6951, College Cost Reduction Act			
As ordered reported by the House Committee on Education and the Workforce on January 31, 2024			
By Fiscal Year, Billions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	-32.3	-91.7	-185.5
Revenues	0	0	0
Decrease (-) in the Deficit	-32.3	-91.7	-185.5
Spending Subject to Appropriation (Outlays)	*	-0.3	-1.8
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	Yes
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Mandate Effects	
		Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	No
Estimates are relative to CBO's May 2023 baseline; * = between zero and \$50 million.			

The bill would:

- Replace existing income-driven repayment (IDR) plans with a new IDR plan for federal student loans originated after June 30, 2024
- Prohibit the adoption of new regulations that would increase costs for the student loan program or markedly affect the economy
- Eliminate PLUS loans to parents and graduate students and amend annual and aggregate limits on borrowing in other types of loans
- Require postsecondary institutions to make payments to the federal government, based on the repayment of student loans by students at each institution
- Repeal certain regulations concerning student loans and postsecondary institutions
- Impose intergovernmental mandates by preempting state and local laws on federal student loan servicers

Estimated budgetary effects would mainly stem from:

- Eliminating existing IDR plans
- Eliminating PLUS loans to parents and graduate students and instituting new limits on student loan borrowing
- Repealing certain regulations and preventing future administrative actions related to student loans
- Reduced borrowing in response to payments required of postsecondary institutions

Areas of significant uncertainty include:

- Students' and institutions' responses to new incentives and penalties under the bill

Bill summary: H.R. 6951 would amend the Higher Education Act of 1965, making changes to federal student aid programs. Specifically, the bill would modify the William D. Ford Federal Direct Loan Program by changing repayment terms, loan limits, and requirements for institutional eligibility. The bill also would limit the administrative authority of the Department of Education, repeal certain regulations, create a new institutional grant program funded through payments from postsecondary institutions, and increase data collection and reporting requirements for postsecondary institutions that receive federal aid.

Estimated Federal cost: The estimated budgetary effect of H.R. 6951 is shown in Table 1. The costs of the legislation fall within budget functions 500 (education, training, employment, and social services) and 700 (veterans benefits and services).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 6951

	By fiscal year, billions of dollars—											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2024–2033
	DECREASES IN DIRECT SPENDING											
Estimated Budget Authority	– 34.1	– 13.6	– 16.2	– 19.0	– 20.1	– 20.4	– 20.5	– 20.6	– 21.5	– 21.7	n.e.	– 103.0
Estimated Outlays	– 32.3	– 12.0	– 13.7	– 16.2	– 17.5	– 18.4	– 18.4	– 18.6	– 19.0	– 19.4	n.e.	– 91.7
	INCREASES OR DECREASES (–) IN SPENDING SUBJECT TO APPROPRIATION											
Estimated Authorization	*	*	– 0.1	– 0.2	– 0.2	– 0.2	– 0.3	– 0.3	– 0.3	– 0.4	n.e.	– 2.0
Estimated Outlays	*	*	*	– 0.1	– 0.2	– 0.2	– 0.3	– 0.3	– 0.3	– 0.4	n.e.	– 0.3

Components may not sum to totals because of rounding; n.e. = not estimated; * = between –\$50 million and \$50 million.

Basis of estimate: For this estimate, CBO assumes that H.R. 6951 will be enacted near the middle of calendar year 2024. Estimates are based on information from a variety of sources, including the National Center for Education Statistics, National Student Loan Data System, and National Postsecondary Student Aid Study as well as data supplied by the Department of Education from applications for federal student aid.

CBO estimates that enacting H.R. 6951 would reduce direct spending by \$91.7 billion over the 2024–2028 period and by \$185.5 billion over the 2024–2033 period. Implementing the bill would reduce spending subject to appropriation by \$0.3 billion over the 2024–2028 period and \$1.8 billion over the 2024–2033 period.

The estimates are relative to CBO’s May 2023 baseline, updated for subsequently enacted legislation and most administrative actions. On April 17, 2024, the Administration published a notice of proposed rulemaking that describes new ways in which the Secretary of Education may cancel all or part of a borrower’s outstanding federal loan debt.¹ CBO has not completed an estimate of the proposed rule, so the effects of that policy are not incorporated into this estimate. We expect that incorporating the proposed rule would, on net, reduce the overall estimated savings of enacting H.R. 6951.

Budgetary treatment of Federal Student Loans and Pell Grants: CBO estimates that enacting H.R. 6951 would affect spending both for the federal direct student loan program and for the Federal Pell Grant Program. Those programs are treated differently in the federal budget than most other federal programs.

Federal Direct student loan program: As required by the Federal Credit Reform Act of 1990 (FCRA), the costs of the federal student loan program are estimated on a net-present-value basis. A present value is a single number that expresses a flow of current and future payments or receipts in terms of an equivalent lump sum paid or received at a specific time. The value depends on the rates of interest, known as the discount rates, used to translate future cash flows into current dollars. FCRA specifies those discount rates as the rates on Treasury securities with similar terms to maturity. As required by FCRA, changes to the estimated costs of outstanding student loans are shown in the year of enactment. The administrative costs of the student loan program are estimated on a cash basis.

Federal Pell grant program: Pell grants provide need-based aid to undergraduate students; they are funded by discretionary and direct spending. For the 2024–2025 academic year, which begins on July 1, 2024, the maximum award a student can receive is \$6,335. The maximum award amount, and the amount of discretionary funding, are set in the annual appropriation act. CBO’s estimate of the program’s costs is based on an assumption that the maximum award will stay the same through 2033.

The program also has direct spending authority to support a “mandatory add-on,” which increases the award amount by \$1,060

¹See Office of Postsecondary Education, Department of Education, “Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program,” notice of proposed rulemaking, 89 *Fed. Reg.* 27564 (April 17, 2024), <https://tinyurl.com/3db2cpxe>.

above the discretionary maximum: For the 2024–2025 academic year, the total maximum award is \$7,395. The costs of the mandatory and discretionary components of Pell grants under the bill are discussed separately in the sections on “Direct Spending” and “Spending Subject to Appropriation.”

Direct spending: CBO estimates that enacting the bill would decrease direct spending, on net, by \$185.5 billion over the 2024–2033 period (see Table 2). Those reductions include changes to the cost of federal student loans and the mandatory add-on portion of Pell grants.

Loan repayment: Under H.R. 6951 the Department of Education would offer borrowers two repayment plans for loans originated after June 30, 2024: the currently available 10-year repayment plan and a new income-driven repayment (IDR) plan. The bill would eliminate all other plans, including the Saving on a Valuable Education (SAVE) Plan, which is the IDR plan that was created administratively in 2023.

The new IDR plan would:

- Set payments at 10 percent of discretionary income (defined as the amount of a borrower’s income that is above 150 percent of the federal poverty guidelines). Under the SAVE Plan, borrowers pay between 5 percent and 10 percent of their income above 225 percent of the federal poverty guidelines.
- Waive 100 percent of unpaid accrued interest when a borrower’s calculated payment does not cover accrued interest; the same is true for the current SAVE Plan.
- Match 50 percent of the monthly amount paid by borrowers who meet income criteria and apply that match to the outstanding principal balance; the SAVE Plan has no such match.
- Forgive any outstanding loan balance after the borrower repays the amount that would have been owed under a current 10-year repayment plan (regardless of the amount of time required to repay such loans). Under the SAVE Plan, outstanding balances generally are forgiven after 20 or 25 years of repayment; for smaller balances, forgiveness can occur after 10 years, no matter how much of the balance has been repaid.

CBO estimates that about half of the loan volume originated after June 30, 2024, would be repaid through the bill’s IDR plan. In contrast, CBO estimates, roughly 70 percent of loan volume would be repaid under the SAVE Plan and other current-law IDR plans. Borrowers repaying their loans would pay more, on average, under the bill than under current law. CBO estimates that implementing the changes to repayment plans would reduce direct spending for student loans by \$127.3 billion over the 2024–2033 period.²

²For information on CBO’s modeling, see Nadia Karamcheva, Jeffrey Perry, and Constantine Yannelis, *Income-Driven Repayment Plans for Student Loans*, Working Paper 2020–02 (Congressional Budget Office, April 2020), www.cbo.gov/publication/56337. For earlier SAVE Plan estimates, see below, “Previous CBO Estimates.”

TABLE 2.—ESTIMATED DIRECT SPENDING EFFECTS UNDER H.R. 6951

	By fiscal year, millions of dollars—										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024–2033
Increases or Decreases (–) in Direct Spending											
Loan Repayment:											
Budget Authority	–11,576	–12,683	–13,843	–15,285	–15,148	–15,282	–15,178	–15,022	–15,526	–15,611	–68,535
Outlays	–10,185	–11,157	–12,080	–13,256	–13,390	–13,408	–13,329	–13,261	–13,505	–13,728	–60,068
Limit Regulatory Authority:											
Budget Authority	–19,853	–1,219	–1,248	–1,286	–1,315	–1,344	–1,373	–1,403	–1,432	–1,454	–24,921
Outlays	–19,364	–1,071	–1,098	–1,129	–1,158	–1,184	–1,210	–1,237	–1,263	–1,285	–23,820
Loan Limits:											
Budget Authority	0	–322	279	–1,746	–2,754	–3,028	–2,979	–3,304	–3,881	–4,284	–4,543
Outlays	0	–222	60	–1,010	–2,189	–2,618	–2,749	–3,008	–3,328	–3,667	–3,361
Risk-Sharing Payments and PROMISE Grants: ^a											
Budget Authority	0	–528	–1,494	–2,146	–2,385	–2,418	–2,481	–2,490	–2,610	–2,563	–6,553
Outlays	0	–325	–1,035	–1,707	–2,143	–2,603	–2,575	–2,615	–2,612	–2,548	–5,210
Eliminate Origination Fees and Capitalization:											
Budget Authority	2,248	2,259	2,353	2,443	2,511	2,571	2,634	2,699	2,633	2,698	11,814
Outlays	1,729	2,005	2,090	2,172	2,233	2,286	2,341	2,400	2,382	2,399	10,229
Regulatory Changes:											
Budget Authority	–4,665	–24	142	211	274	263	252	240	233	216	–4,062
Outlays	–4,370	–269	67	141	169	162	152	142	132	119	–4,262
Other Provisions:											
Budget Authority	3	51	89	132	171	171	172	172	175	174	446
Outlays	3	34	68	105	143	157	157	157	160	160	353
Interactions:											
Budget Authority	–282	–1,179	–2,463	–1,360	–1,408	–1,329	–1,590	–1,521	–1,045	–847	–6,692
Outlays	–86	–993	–1,799	–1,471	–1,168	–1,175	–1,227	–1,183	–998	–812	–5,517
Total, Direct Spending:											
Budget Authority	–34,125	–13,645	–16,185	–19,037	–20,054	–20,396	–20,543	–20,629	–21,453	–21,671	–103,046
Outlays	–32,273	–11,998	–13,727	–16,155	–17,503	–18,383	–18,440	–18,605	–19,032	–19,362	–91,656

Budget authority and outlays are estimated relative to CBO's May 2023 baseline, adjusted for subsequent legislation and administrative actions other than the April 17, 2024, proposed rule on debt cancellation. CBO's May 2023 baseline uses a 5-year budget window of 2024 to 2028 and a 10-year budget window of 2024 to 2033.

PROMISE = Promoting Real Opportunities to Maximize Investments and Savings in Education.

The estimates shown for risk-sharing payments and PROMISE grants incorporate interactions with the bill's other student loan policies and include the effects of institutional responses. See Table 4 for more details.

Limit regulatory authority: H.R. 6951 would limit the authority of the Department of Education to issue regulations that would increase the cost of federal student loans or that would have economically significant effects (that is, that would have an annual effect on the economy of \$100 million or more or that would adversely affect the economy in a material way). CBO's baseline includes costs that reflect the possibility of future administrative actions that would increase the cost to the government of federal student loans. Therefore, CBO estimates that enacting this provision would decrease direct spending for student loans by \$30.0 billion over the 2024–2033 period.

Loan limits: H.R. 6951 would eliminate parent PLUS loans, which are offered to parents of dependent undergraduate students, and grad PLUS loans, which are offered to graduate students and students enrolled in professional programs. The bill would generally eliminate such loans to new borrowers beginning on July 1, 2025, and would eliminate the program altogether by 2028. Beginning on July 1, 2025, the bill also would amend loan limits for unsubsidized graduate and undergraduate loans. CBO estimates that, in total, those provisions would reduce direct spending by \$18.7 billion (see Table 3).

TABLE 3.—ESTIMATED DIRECT SPENDING EFFECTS OF LOAN LIMITS UNDER H.R. 6951

	By fiscal year, millions of dollars—										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024–2028 2024–2033
INCREASES OR DECREASES (–) IN DIRECT SPENDING											
Eliminate Parent PLUS Loans:											
Budget Authority	0	494	1,227	1,865	2,088	2,110	2,142	2,172	2,178	2,221	5,674
Outlays	0	274	865	1,473	1,810	1,895	1,920	1,948	1,962	1,988	4,422
Eliminate Grad PLUS Loans and Amend Limits for Unsubsidized Graduate Loans:											
Budget Authority	0	–1,008	–1,848	–4,763	–6,098	–6,278	–6,422	–6,607	–7,007	–7,309	–13,717
Outlays	0	–606	–1,405	–3,351	–5,078	–5,617	–5,757	–5,909	–6,196	–6,501	–10,440
Amend Limits for Unsubsidized Undergraduate Loans:											
Budget Authority	0	192	900	1,152	1,256	1,140	1,301	1,131	948	804	3,500
Outlays	0	110	600	868	1,079	1,104	1,088	953	906	846	2,657
Total, Loan Limits:											
Budget Authority	0	–322	279	–1,746	–2,754	–3,028	–2,979	–3,304	–3,881	–4,284	–4,543
Outlays	0	–222	60	–1,010	–2,189	–2,618	–2,749	–3,008	–3,328	–3,667	–18,731

Budget authority and outlays are estimated relative to CBO's May 2023 baseline, adjusted for subsequent legislation and administrative actions other than the April 17, 2024, proposed rule on debt cancellation. CBO's May 2023 baseline uses a 5-year spending window of 2024 to 2028 and a 10-year budget window of 2024 to 2033.

Eliminate parent PLUS loans: In CBO's May 2023 baseline projections, in 2025, parents will borrow approximately \$11 billion in PLUS loans, and, on average, the federal government will earn, on a net-present-value basis, about 16 cents for every dollar it lends. On that basis, CBO estimates that eliminating parent PLUS loans would increase direct spending by \$14.1 billion over the 2024–2033 period.

Eliminate grad PLUS loans and amend limits for unsubsidized graduate loans: In addition to eliminating grad PLUS loans, H.R. 6951 would increase annual limits on borrowing for graduate students, on average, while decreasing aggregate limits. Specifically, the bill would allow graduate students to take out unsubsidized loans up to the median annual cost of their program, with an aggregate maximum of \$100,000, or \$150,000 if the borrower is enrolled in a graduate professional program. Under the bill, the total amount of financial assistance, including grants and loans, could not exceed the borrower's annual cost of attendance. Under current law, graduate students may borrow up to \$20,500 each year in unsubsidized loans, with a total aggregate cap for most borrowers of \$138,500. They can borrow up to the cost of attendance under the grad PLUS loan program, which does not have an aggregate cap.

CBO analyzed current borrowing patterns using data from the National Postsecondary Student Aid Study and National Student Loan Data System and expects that borrowing would increase in the unsubsidized program as a result of the higher limits in the bill. CBO expects that borrowers who borrowed the most under current law, including the use of PLUS loans, were more likely to increase borrowing.

Under current law, CBO estimates that borrowers will take out approximately \$15 billion in grad PLUS loans in 2025, increasing to about \$17 billion in 2028. Without access to those loans, CBO expects that by 2029, students who would have taken out grad PLUS loans under current law would increase their graduate unsubsidized borrowing, resulting in a nearly 20 percent increase in graduate unsubsidized loan volume under H.R. 6951.

CBO estimates that eliminating grad PLUS loans and amending unsubsidized loan limits for graduate borrowers would reduce direct spending by \$40.4 billion over the 2024–2033 period.

Amend limits for unsubsidized undergraduate loans: CBO estimates that enacting H.R. 6951 would increase the total amount of unsubsidized loans to undergraduate students.

Under current law, annual and aggregate limits on unsubsidized loans are set based on the borrower's class level and dependency type. H.R. 6951 would set the annual limit at the median cost of college for the program the borrower is enrolled in, which is higher than the current limits, on average. The bill also would require that total financial assistance not exceed the student's cost of attendance and would set an aggregate cap at \$50,000 on the amount a student may borrow—an increase for dependent students but a decrease for independent students.³ Using methods that are similar to those used to analyze the bill's effects on graduate loan loans,

³Under current law, \$31,000 is the aggregate limit for undergraduate dependent students; \$57,500 is the limit for undergraduate independent students. No student can have more than \$23,000 in subsidized loans. H.R. 6951 would not change annual or aggregate limits on subsidized loans.

CBO expects that borrowers who borrow the most under current law, including in parent PLUS loans, would be likely to increase borrowing under the bill's higher limits.

H.R. 6951 also would allow institutions to cap loan amounts for some or all students. Using information from financial aid associations and other sources with knowledge of student aid programs, along with data from the National Postsecondary Student Aid Study, CBO expects that, under the bill's new loan limits, this provision would limit some of the otherwise expected increase in lending.

CBO estimates that amending loan limits and allowing institutions the flexibility to cap limits for undergraduate students would, on net, increase lending by about 10 percent and direct spending by \$7.6 billion over the 2024–2033 period.

Risk-sharing payments and PROMISE grants: Under H.R. 6951, postsecondary institutions could be required to make annual payments, called risk-sharing payments, in order to participate in the federal student loan program. Those payments would be the main source of funding for the Promoting Real Opportunities to Maximize Investments and Savings in Education (PROMISE) grants, which would be made to eligible postsecondary education institutions to help improve affordability and promote success for students. (Other funding for PROMISE grants would come from funds that postsecondary institutions return to the federal government, under title IV of the Higher Education Act, when students withdraw from their programs.)

CBO estimated the amounts in risk-sharing payments on a cash basis rather than using FCRA procedures because those annual payments are based on cohorts of loans and are not tied directly to, or made on behalf of, any individual loan. Loan cohorts consist of groups of loans from borrowers who exit a program in the same year. CBO also estimated the effects of those provisions as if all other provisions in the bill were enacted simultaneously. For example, the estimate for the amount of risk-sharing payments incorporates an assumption that borrowers would no longer be eligible for the current SAVE Plan, that PLUS loans would no longer be available, and that new loan limits would be in place. CBO estimates that, in total, the risk-sharing payments and their effects on institutional participation, and the PROMISE grant program, including other sources of funding, would reduce direct spending by \$18.2 billion over the 2024–2033 period (see Table 4).

TABLE 4.—ESTIMATED DIRECT SPENDING EFFECTS OF RISK-SHARING PAYMENTS AND PROMISE GRANTS UNDER H.R. 6951

	By fiscal year, millions of dollars—											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024–2028	2024–2033
	INCREASES OR DECREASES (–) IN DIRECT SPENDING											
Risk-Sharing Payments:												
Budget Authority	0	0	0	– 8	– 151	– 798	– 1,336	– 1,893	– 2,348	– 2,709	– 159	– 9,243
Outlays	0	0	0	– 8	– 151	– 798	– 1,336	– 1,893	– 2,348	– 2,709	– 159	– 9,243
Reduction in Institutional Participation in Federal Student Aid Programs:												
Student Loans:												
Budget Authority	0	– 521	– 1,467	– 2,107	– 2,342	– 2,371	– 2,430	– 2,434	– 2,550	– 2,502	– 6,437	– 18,724
Outlays	0	– 323	– 1,031	– 1,675	– 1,992	– 2,080	– 2,124	– 2,145	– 2,214	– 2,217	– 5,021	– 15,801
Pell Grants Mandatory Add-On:												
Budget Authority	0	– 7	– 38	– 57	– 61	– 65	– 69	– 74	– 78	– 79	– 163	– 528
Outlays	0	– 2	– 15	– 42	– 58	– 62	– 66	– 70	– 75	– 78	– 117	– 468
PROMISE Grants:												
Budget Authority	0	0	0	8	151	798	1,336	1,893	2,348	2,709	159	9,243
Outlays	0	0	0	0	40	319	933	1,475	2,007	2,438	40	7,212
Return of Title IV Funds for Student Loans and the Pell Grant Mandatory Add-On:												
Budget Authority	0	0	11	18	18	18	18	18	18	18	47	137
Outlays	0	0	11	18	18	18	18	18	18	18	47	137
Total, Risk-Sharing Payments and PROMISE Grants:												
Budget Authority	0	– 528	– 1,494	– 2,146	– 2,385	– 2,418	– 2,481	– 2,490	– 2,610	– 2,563	– 6,553	– 19,115
Outlays	0	– 325	– 1,035	– 1,707	– 2,143	– 2,603	– 2,575	– 2,615	– 2,612	– 2,548	– 5,210	– 18,163
Budget authority and outlays are estimated relative to CBO's May 2023 baseline, adjusted for subsequent legislation and administrative actions other than the April 17, 2024, proposed rule on debt cancellation. CBO's May 2023 baseline uses a 5-year spending window of 2024 to 2028 and a 10-year budget window of 2024 to 2033.												

Budget authority and outlays are estimated relative to CBO's May 2023 baseline, adjusted for subsequent legislation and administrative actions other than the April 17, 2024, proposed rule on debt cancellation. CBO's May 2023 baseline uses a 5-year spending window of 2024 to 2028 and a 10-year budget window of 2024 to 2033.

Risk-sharing payments: Under H.R. 6951, some institutions would be required to make annual payments to the Department of Education to participate in the federal student loan program. Those payments would be recorded as offsetting receipts, that is, as a reduction in direct spending. An institution's risk-sharing payment would be based on a formula that considers the amount of loan payments in a cohort that are waived, matched, or forgiven in the new IDR plan or that borrowers fail to make in a timely manner, as well as the total cost of a program for borrowers who complete that program, and borrowers' future earnings.

CBO calculated risk-sharing payments based on our estimates of repayment in IDR plans and information from the College Scorecard database (which gathers data on institutional costs, graduation and employment rates, and student loan borrowing), and the Integrated Postsecondary Education Data System. CBO also analyzed delinquency and default rates using data in the National Student Loan Data System.

CBO anticipates that the first risk-sharing payments would be made by institutions late in fiscal year 2027, after the Department of Education issues new rules, and that the department would apply the requirements prospectively on loans made beginning in the 2026–2027 award year. We expect that initially, risk-sharing payments would be small but would increase as more borrowers entered repayment on loans originated after June 30, 2026. CBO estimates that by 2033, risk-sharing payments would be \$2.7 billion and would continue to increase after that year. In total, CBO estimates that the risk-sharing payments would reduce direct spending by \$9.2 billion over the 2024–2033 period.

Reduction in institutional participation in Federal Student Aid Programs: Given the high cost of risk-sharing payments to institutions and the considerable uncertainty about that cost over the lifetime of any given loan, CBO expects that some institutions would take action to avoid making those payments: Some would choose not to participate in the federal student loan program, others would close certain institutional programs, and still others would close altogether. Based on information from associations of schools and from people with knowledge of postsecondary financial aid programs, CBO estimates that enacting this provision would reduce projected loan volume by about one-third.

CBO estimates that, after incorporating all of the bill's provisions, one dollar of student loan volume would cost the federal government, on average, about 11 cents. On that basis, CBO estimates that the reduction in loan volume would reduce direct spending by \$15.8 billion over the 2024–2033 period.

CBO expects that decisions by institutions to avoid risk-sharing payments also would affect federal spending for the Pell grant mandatory add-on. In general, institutions that leave the federal student loan program would be expected to continue to participate in the Pell grant program. However, based on the literature included as part of the Department of Education's rulemaking on gainful employment and financial transparency (see "Regulatory Changes" below for more information), CBO expects that some students enrolled in programs or schools that close as a result of the bill's risk-sharing requirements would not reenroll in other programs. Thus, CBO estimates that enacting the risk-sharing provi-

sion would reduce spending for the Pell grant mandatory add-on by \$468 million over the 2024–2033 period.

PROMISE grants: H.R. 6951 would institute PROMISE grants, funded by institutional risk-sharing payments and federal student aid funds that must be returned to the federal government when students withdraw. To be eligible for a grant, an institution would need to guarantee the total amount of tuition and fees (net of institutional aid, but excluding federal aid), that a student can be charged for completion of a program, for a maximum of six years while the student is enrolled.

Under the bill's grant formula, an eligible institution could receive up to \$5,000 for each student receiving federal financial aid each year, depending on the availability of funds. Along with additional criteria, the formula compares students' earnings after completion of a program to the cost of tuition, and it makes an adjustment for the amount an institution receives in federal work-study funds and funds for Federal Supplemental Educational Opportunity Grants.

CBO expects that PROMISE grants would be awarded as funds become available. Using information from the College Scorecard database and the Integrated Postsecondary Education Data System and considering estimated risk-sharing payments, CBO estimates that PROMISE grants would increase direct spending by \$7.2 billion over the 2024–2033 period.

Return of Title IV funds for student loans and the Pell grant mandatory add-on: H.R. 6951 would allow the Department of Education to reallocate federal student aid that is returned to the government under title IV to PROMISE grants. CBO estimates that enacting this provision would increase direct spending for student loans because the provision would change the underlying subsidy rate of those loans. Funding PROMISE grants with returned funds from the mandatory add-on for Pell grants also would increase direct spending because the underlying Pell grant is not subject to appropriation. In total, CBO estimates that using those returned funds for PROMISE grants would increase direct spending by \$137 million over the 2024–2033 period.⁴

Eliminate origination fees and the capitalization of interest: H.R. 6951 would eliminate origination fees and capitalization of interest for all federal student loans. CBO estimates that enacting those provisions would increase direct spending by \$22.0 billion in total over the 2024–2033 period (see Table 2). The two components of that cost are detailed below.

- Under current law, the origination fee for unsubsidized federal student loans is 1 percent; the fee for PLUS loans is 4 percent.⁵ CBO estimates that eliminating those fees would increase direct spending by \$18.2 billion over the 2024–2033 period.

⁴ The costs of this provision for student loans are estimated on a net-present-value basis using FCRA procedures. However, CBO expects that the amounts available to fund PROMISE grants would be available to the Department of Education to disburse on a cash basis as they are received.

⁵ The Budget Control Act of 2011 requires automatic reductions in the cost of certain mandatory programs. For student loans, the savings are achieved by increasing origination fees above the percentages specified in the Higher Education Act. CBO's estimates of this provision are based on those higher origination fees, but the fees described in the text do not include that additional amount.

- The bill also would prohibit the capitalization of outstanding interest (that is, adding interest to a loan's principal balance). Under current law, interest is capitalized when a borrower exits deferment, which increases the total amount of interest the loan accrues. CBO estimates that eliminating capitalization would increase direct spending by \$3.8 billion over the 2024–2033 period.

Regulatory changes: H.R. 6951 would repeal or modify regulations related to federal student aid. In total, enacting those provisions would reduce direct spending by \$3.6 billion over the 2024–2033 period, CBO estimates (see Table 5).

Modify the Borrower Defense Rule: H.R. 6951 would partially repeal a rule that made it easier for a borrower to discharge loans as a result of a school's misconduct, including, for example, misrepresentation of student outcomes. Based on an analysis of loan volume at schools that were or are under investigation for issues that could fall under that rule, and using data from the Department of Education, CBO estimates that enacting the change would reduce direct spending by \$9.8 billion over the 2024–2033 period.

Repeal the Closed-Schools Rule: H.R. 6951 would repeal a rule that established a standard process for discharging loans made to borrowers who attended schools that closed, thus increasing the likelihood of loan discharge for those borrowers. Using information from the Department of Education, CBO estimates that repealing the rule would reduce direct spending by \$4.9 billion over the 2024–2033 period.

Repeal the Gainful Employment and Financial Transparency Rules: The bill would repeal rules that established a maximum debt-to-earnings ratio that students enrolled at for-profit institutions and in certain non-degree-granting programs at two-year institutions would need to meet for the programs to remain eligible for federal student aid (referred to as the gainful employment rule). Based on a literature review, CBO estimates that repealing the rules would increase both student borrowing and the number of Pell grant recipients by about 2 percent. On that basis, CBO estimates that enacting the provision would increase direct spending by \$9.1 billion over the 2024–2033 period: \$8.3 billion for student loans and \$0.8 billion for the Pell grant mandatory add-on.

Repeal the 90/10 Rule: H.R. 6951 would repeal the requirement that for-profit institutions receive no more than 90 percent of their revenue from federal financial aid, including veterans' education benefits. CBO anticipates that repealing the rule would allow schools whose revenue comes primarily from federal sources to expand enrollment and that the schools closest to the 90 percent threshold would be the most likely to do so. CBO estimates that enacting this provision would increase direct spending by about \$2.0 billion over the 2024–2033 period: \$1.7 billion for increased student loan volume, \$270 million for the Pell grant mandatory add-on, and \$25 million for veterans' education benefits.

TABLE 5—ESTIMATED DIRECT SPENDING EFFECTS OF REGULATORY CHANGES UNDER H.R. 6951

	By fiscal year, millions of dollars—										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024– 2028
INCREASES OR DECREASES (–) IN DIRECT SPENDING											
Modify the Borrower Defense Rule:											
Budget Authority	– 3,505	– 736	– 767	– 800	– 816	– 833	– 850	– 868	– 883	– 901	– 6,624
Outlays	– 3,217	– 642	– 669	– 698	– 718	– 733	– 748	– 764	– 778	– 793	– 5,944
Repeal the Closed-Schools Rule:											
Budget Authority	– 1,478	– 400	– 420	– 439	– 449	– 455	– 461	– 465	– 474	– 481	– 3,186
Outlays	– 1,328	– 347	– 364	– 382	– 393	– 399	– 405	– 409	– 416	– 423	– 2,814
Repeal the Gainful Employment and Financial Transparency Rules:											
Student Loans:											
Budget Authority	251	913	1,028	1,035	1,042	1,049	1,057	1,064	1,074	1,081	4,269
Outlays	147	613	889	929	936	942	949	956	963	971	3,514
Pell Grants Mandatory Add-On:											
Budget Authority	23	85	98	99	99	100	101	101	102	103	404
Outlays	6	39	88	98	99	99	100	101	102	102	330
Repeal the 50/10 Rule:											
Student Loans:											
Budget Authority	38	98	180	285	359	362	365	368	374	377	960
Outlays	22	58	106	168	212	214	216	218	221	223	566
Pell Grant Mandatory Add-On:											
Budget Authority	7	15	22	29	37	38	38	38	38	35	110
Outlays	2	9	16	24	31	37	38	38	38	37	82
Veterans' Education Benefits:											
Budget Authority	*	2	2	3	3	3	3	3	3	3	10
Outlays	*	2	2	3	3	3	3	3	3	3	10
Change in Ownership:											
Budget Authority	– 1	– 1	– 1	– 1	– 1	– 1	– 1	– 1	– 1	– 1	– 5
Outlays	– 2	– 1	– 1	– 1	– 1	– 1	– 1	– 1	– 1	– 1	– 6
Total Regulatory Changes:											
Budget Authority	– 4,665	– 24	142	211	274	263	252	240	233	216	– 4,062
Outlays	– 4,370	– 269	67	141	169	162	152	142	132	119	– 4,262

Budget authority and outlays are estimated relative to CBO's May 2023 baseline, adjusted for subsequent legislation and administrative actions other than the April 17, 2024, proposed rule on debt cancellation. CBO's May 2023 baseline uses a 5-year spending window of 2024 to 2028 and a 10-year budget window of 2024 to 2053.

* = between zero and \$500,000.

Change in ownership: The bill would require institutions undergoing a change in ownership or conversion from for-profit to non-profit status to pay an administrative fee equal to a specified portion of their revenue. CBO estimates that enacting the provision would decrease direct spending by \$11 million over the 2024–2033 period.

Other provisions: H.R. 6951 also would make other, smaller changes to the federal student aid system that would affect direct spending. CBO estimates that enacting those provisions would increase direct spending by \$1.1 billion over the 2024–2033 period (see Table 6).

TABLE 6.—ESTIMATED DIRECT SPENDING EFFECTS OF OTHER PROVISIONS UNDER H.R. 6951

	By fiscal year, millions of dollars—											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024– 2028	2024– 2033
INCREASES IN DIRECT SPENDING												
Accrediting Agencies:												
Student Loans:												
Budget Authority	0	28	59	94	126	126	127	126	129	130	307	945
Outlays	0	17	43	73	103	112	112	112	114	115	236	801
Pell Grants Mandatory Add-on:												
Budget Authority	0	7	14	22	29	29	29	30	30	28	72	218
Outlays	0	2	9	16	24	29	29	29	30	29	51	197
Loan Rehabilitation: ^a												
Budget Authority	3	15	15	15	15	15	15	15	15	15	63	138
Outlays	3	15	15	15	15	15	15	15	15	15	63	138
Farm and Small Business Exemptions:												
Budget Authority	0	1	1	1	1	1	1	1	1	1	4	9
Outlays	0	*	1	1	1	1	1	1	1	1	3	8
Total, Other Provisions:												
Budget Authority	3	51	89	132	171	171	172	172	175	174	446	1,310
Outlays	3	34	68	105	143	157	157	157	160	160	353	1,144

Budget authority and outlays are estimated relative to CBO's May 2023 baseline, adjusted for subsequent legislation and administrative actions other than the April 17, 2024, proposed rule on debt cancellation. CBO's May 2023 baseline uses a 5-year spending window of 2024 to 2028 and a 10-year budget window of 2024 to 2033.

* = between –\$500,000 and \$500,000.

^aBecause the costs of loan rehabilitation are administrative, they are estimated on a cash basis.

Accrediting agencies: The bill would amend the requirements for accrediting agencies, private educational associations that develop evaluation criteria and conduct peer evaluations for accrediting postsecondary institutions and conferring eligibility to participate in federal student aid programs. CBO expects that enacting this provision would allow more postsecondary institutions to become eligible for federal aid programs. We estimate that the change would increase direct spending by about \$1 billion over the 2024–2033 period: \$801 million for student loans and \$197 million for the Pell grant mandatory add-on.

Loan rehabilitation. The bill would allow borrowers who default on their loans to be eligible for a second rehabilitation loan, which allows borrowers to exit default by making nine on-time payments. Under current law, borrowers can rehabilitate their loans just once.⁶ CBO estimates that enacting this provision would increase the cost of administering student loans by \$138 million over the 2024–2033 period; administrative costs are estimated on a cash rather than an accrual basis.

Farm and small business exemptions: The bill would exclude certain farm and small business assets from calculations for a student’s eligibility for the Pell grant program. CBO estimates that enacting this provision would increase spending for the Pell grant mandatory add-on by \$8 million over the 2024–2033 period.

Interactions among provisions: The direct spending effects of simultaneously enacting all provisions in H.R. 6951 would differ from the sum of each provision’s effects relative to CBO’s baseline. CBO estimates that those interactions, if combined, would decrease direct spending by an additional \$10.9 billion over the 2024–2033 period (see Table 2).

For example, the cost of eliminating origination fees in PLUS loans is captured both in CBO’s estimate of the provision to eliminate origination fees and in the estimate to eliminate the PLUS loan program. That difference, and other similar differences, are included in CBO’s estimate of the bill’s interactions. (Most provisions presented here were estimated relative to current law. However, the risk-sharing payments and PROMISE grant provisions were estimated relative to CBO’s baseline adjusted to include the effects of all other policies in H.R. 6951. The estimate of these provisions contains some interactions not shown in the “Interactions” row in Table 2.)

Spending subject to appropriation: Using information about current or similar programs and activities, CBO estimates that implementing H.R. 6951 would decrease spending subject to appropriation by \$330 million over the 2024–2028 period (see Table 1). That estimate includes a reduction in costs for the discretionary portion of the Pell grant program, partially offset by the costs of other provisions in the bill. Any spending would be subject to the availability of appropriated funds.

Pell grants: CBO estimates that implementing H.R. 6951 would, on net, decrease the cost of the discretionary portion of the Pell grant program (the affected provisions are described above in “Di-

⁶The Fresh Start Program temporarily eliminated the need for borrowers in default to rehabilitate their loans and does not qualify as a rehabilitation loan. That program ends September 30, 2024.

rect Spending”) by \$518 million over the 2024–2028 period (see Table 7).

TABLE 7.—ESTIMATED CHANGES IN SPENDING SUBJECT TO APPROPRIATION FOR PELL GRANTS UNDER H.R. 6951

	By fiscal year, millions of dollars—					
	2024	2025	2026	2027	2028	2024–2028
INCREASES AND DECREASES (–) IN SPENDING SUBJECT TO APPROPRIATION						
Repeal the Gainful Employment and Financial Transparency Rules: ^a						
Estimated Authorization	0	441	496	501	505	1,943
Estimated Outlays	0	115	451	497	502	1,565
Risk-Sharing Payments:						
Estimated Authorization	0	–37	–190	–287	–309	–823
Estimated Outlays	0	–10	–77	–214	–292	–593
Repeal 90/10 Rule: ^a						
Estimated Authorization	0	70	105	140	176	491
Estimated Outlays	0	18	78	114	149	359
Accrediting Agencies:						
Estimated Authorization	0	34	68	103	138	343
Estimated Outlays	0	9	43	77	112	241
Return of Title IV Funds:						
Estimated Authorization	0	0	14	24	24	62
Estimated Outlays	0	0	14	24	24	62
Farm and Small Business Exemptions:						
Estimated Authorization	0	4	4	4	4	16
Estimated Outlays	0	1	4	4	4	13
Interactions: ^a						
Estimated Authorization	0	–545	–669	–744	–819	–2,777
Estimated Outlays	0	–142	–572	–688	–763	2,165
Total Changes:						
Estimated Authorization	0	–33	–172	–259	–281	–745
Estimated Outlays	0	–9	–59	–186	–264	–518

^a Because the Congress has already enacted appropriations for fiscal year 2024, any additional costs for the discretionary portion of the Pell grant program in that year would come from existing appropriations funds and be treated as additional direct spending. However, CBO estimates that, on net, enacting H.R. 6951 would not increase the cost of the discretionary portion of the program in fiscal year 2024.

That decrease in costs would result from the following changes:

- Repealing the gainful employment and financial transparency rules would increase spending by \$1.6 billion over the 2024–2028 period and by \$4.1 billion over the 2024–2033 period.
- Implementing risk-sharing payments would reduce institutional participation in the federal student aid program, which would reduce spending by \$593 million over the 2024–2028 period and by \$2.4 billion over the 2024–2033 period.
- Repealing the 90/10 rule would increase spending by \$359 million over the 2024–2028 period and by \$1.3 billion over the 2024–2033 period.
- Changing requirements for institutional accreditation agencies would increase spending by \$241 million over the 2024–2028 period and by \$941 million over the 2024–2033 period.
- Funding PROMISE grants with title IV funds returned to the government would increase spending by \$62 million over the 2024–2028 period and by \$184 million over the 2024–2033 period.
- Excluding certain farm and small business assets from the calculation for Pell grants would increase spending by \$13 mil-

lion over the 2024–2028 period and by \$33 million over the 2024–2033 period.

- The interactions between the effects of the new risk-sharing payments and several other provisions in the bill would reduce spending by \$2.2 billion over the 2024–2028 period and by \$6.3 billion over the 2024–2033 period. Those other provisions include the repeal of the gainful employment and financial transparency rules, the 90/10 rule and new requirements for accreditation agencies.

Other changes in discretionary spending: Using information about the costs of similar programs and based on feedback from the Department of Education, CBO estimates that implementing the other provisions in H.R. 6951 would cost \$188 million over the 2024–2028 period and \$421 million over the 2024–2033 period (see Table 8).

CBO estimates that implementing the bill would result in the following additional costs:

- The bill would authorize the appropriation of \$45 million annually over the 2026–2031 period for the Postsecondary Student Success Grants program. That authorization would automatically be extended for one year by the General Education Provisions Act. Those grants would support activities to increase the participation, retention, and completion rates among high-need students, including low-income and special education students. CBO estimates that implementing the provision would cost \$126 million over the 2024–2028 period and \$315 million over the 2024–2033 period.

TABLE 8.—ESTIMATED CHANGES IN OTHER SPENDING SUBJECT TO APPROPRIATION UNDER H.R. 6951

	By fiscal year, millions of dollars—					
	2024	2025	2026	2027	2028	2024–2028
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Postsecondary Student Success Grants:						
Authorization	0	0	45	45	45	135
Estimated Outlays	0	0	36	45	45	126
Postsecondary Student Data System:						
Estimated Authorization	5	11	11	7	7	41
Estimated Outlays	5	8	10	9	7	39
College Scorecard Database:						
Estimated Authorization	4	4	4	2	2	16
Estimated Outlays	3	4	4	3	2	16
Financial Aid Offers:						
Estimated Authorization	2	2	2	1	1	8
Estimated Outlays	1	2	2	1	1	7
Total Changes:						
Estimated Authorization	11	17	62	55	55	200
Estimated Outlays	9	14	52	58	55	188

- The bill would require the Department of Education to create the Postsecondary Student Data System to provide information on college costs, enrollment patterns, and federal aid programs. CBO estimates that implementing the provision would cost \$39 million over the 2024–2028 period and \$71 million over the 2024–2033 period.

- The bill would require the Department of Education to update the College Scorecard database. Based on feedback from the department, CBO estimates that implementing the provision would cost \$16 million over the 2024–2028 period and \$26 million over the 2024–2033 period.
- The bill would direct the Department of Education to develop a standard financial aid offer form to be used by postsecondary institutions. CBO estimates that implementing the provision would cost \$7 million over the 2024–2028 period and \$9 million over the 2024–2033 period.

Uncertainty: CBO’s estimates for H.R. 6951 are uncertain in a variety of areas. In particular, the ways in which students, postsecondary institutions, and the Department of Education would respond to the bill’s provisions, especially the new institutional risk-sharing payments, are difficult to predict. That difficulty is attributable in part to information that is redacted or missing from the College Scorecard database. To the extent possible, CBO imputed data to fill in missing values and checked for consistency across different approaches to imputation. CBO generally aims to estimate effects that are in the middle of the distribution of potential outcomes.

CBO’s projections for current-law spending also are uncertain. For example, final rulemaking for the new SAVE Plan was completed only in 2023. Participation data are limited and incomplete because more recent borrowers may still be weighing their repayment options. Actual participation in the SAVE Plan or in the bill’s IDR proposed plan may be higher or lower than CBO estimates.

Changes to the underlying economy also could significantly affect the bill’s costs. Fluctuations in interest rates, for example, would change the cost of the student loan program. A sudden change in unemployment rates could affect postsecondary enrollment or the income of borrowers in IDR plans, which would change the cost of federal student aid.

Despite that uncertainty, in CBO’s assessment, the direction of the budgetary effects of most of the bill’s provisions is clear. In particular, the changes to the federal student loan program would, on net, almost certainly decrease federal costs significantly.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 9.

TABLE 9.—CBO'S ESTIMATE OF THE STATUTORY PAY-AS-YOU-GO EFFECTS OF H.R. 6951, THE COLLEGE COST REDUCTION ACT, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON EDUCATION AND THE WORKFORCE ON JANUARY 31, 2024

	By fiscal year, billions of dollars—											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2024– 2028
	NET DECREASE IN THE DEFICIT											
Pay-As-You-Go Effect	– 32.3	– 12.0	– 13.7	– 16.2	– 17.5	– 18.4	– 18.4	– 18.4	– 19.0	– 19.4	n.e.	– 91.7
												– 185.5

n.e. = not estimated.

Increase in long-term net direct spending and deficits: CBO estimates that enacting H.R. 6951 would not increase net direct spending or deficits in any of the four consecutive 10-year periods beginning in 2034.

Mandates: H.R. 6951 would preempt state and local laws relating to certain requirements and other restrictions on originating, servicing, or collecting amounts due on federal student loans issued under title IV of the Higher Education Act as defined in the Unfunded Mandates Reform Act (UMRA). Those laws include, but are not limited to, state requirements that a servicer of student loans obtain a license to operate in a state; several states charge annual fees for those licenses. Using information from the Nationwide Multistate Licensing System and data from the Department of Education on the number of student loans, CBO estimates that the intergovernmental cost of this mandate is about \$2 million a year, well below the threshold established in UMRA (\$100 million in 2024, adjusted annually for inflation).

The bill would impose a new fee on postsecondary education institutions that participate in the federal student loan program. Those costs would be conditions of participation in a voluntary federal program and thus would not be a mandate as defined by UMRA.

The bill contains no private-sector mandates.

Previous CBO estimates: CBO has provided other information concerning the costs of the SAVE Plan. On September 18, 2023, CBO transmitted a cost estimate for H.J. Res. 88, a joint resolution providing for Congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Department of Education relating to “Improving Income Driven Repayment for the William D. Ford Federal Direct Loan Program and the Federal Family Education Loan (FFEL) Program.” On March 13, 2023, CBO sent letter to the Honorable Virginia Foxx and the Honorable William Cassidy, M.D., concerning the costs of the proposed income-driven repayment plan for student loans.

Estimate prepared by: Federal costs: Margot Berman (for federal student loans; other postsecondary education), Leah Koestner (for federal student loans; other postsecondary education), Garrett Quenneville (for the Federal Pell Grant Program; other postsecondary education); Mandates: Erich Dvorak.

Estimate reviewed by: Justin Humphrey, Chief, Finance, Housing, and Education Cost Estimates Unit; Kathleen FitzGerald, Chief, Public and Private Mandates Unit; Emily Stern, Senior Adviser for Budget Analysis; H. Samuel Papenfuss Deputy Director of Budget Analysis.

Estimate approved by: Phillip L. Swagel, Director, Congressional Budget Office.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 6951. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when, as with the present report, the Committee adopts as its own the cost estimate of the bill prepared by the Director of the

Congressional Budget Office under section 402 of the Congressional Budget Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

HIGHER EDUCATION ACT OF 1965

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the “Higher Education Act of 1965”.

* * * * *

TITLE I—GENERAL PROVISIONS

PART A—DEFINITIONS

* * * * *

SEC. 103. ADDITIONAL DEFINITIONS.

In this Act:

(1) **AUTHORIZING COMMITTEES.**—The term “authorizing committees” means the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives.

(2) **COMBINATION OF INSTITUTIONS OF HIGHER EDUCATION.**—The term “combination of institutions of higher education” means a group of institutions of higher education that have entered into a cooperative arrangement for the purpose of carrying out a common objective, or a public or private nonprofit agency, organization, or institution designated or created by a group of institutions of higher education for the purpose of carrying out a common objective on the group’s behalf.

(3) **CRITICAL FOREIGN LANGUAGE.**—Except as otherwise provided, the term “critical foreign language” means each of the languages contained in the list of critical languages designated by the Secretary in the Federal Register on August 2, 1985 (50 Fed. Reg. 31412; promulgated under the authority of section 212(d) of the Education for Economic Security Act (repealed by section 2303 of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988)), as updated by the Secretary from time to time and published in the Federal Register, except that in the implementation of this definition with respect to a specific title, the Secretary may set priorities according to the purposes of such title and the national security, economic competitiveness, and educational needs of the United States.

(4) **DEPARTMENT.**—The term “Department” means the Department of Education.

(5) **DIPLOMA MILL.**—The term “diploma mill” means an entity that—

(A)(i) offers, for a fee, degrees, diplomas, or certificates, that may be used to represent to the general public that the individual possessing such a degree, diploma, or certificate has completed a program of postsecondary education or training; and

(ii) requires such individual to complete little or no education or coursework to obtain such degree, diploma, or certificate; and

(B) lacks accreditation by an accrediting agency or association that is recognized as an accrediting agency or association of institutions of higher education (as such term is defined in section 102) by—

(i) the Secretary pursuant to subpart 2 of part H of title IV; or

(ii) a Federal agency, State government, or other organization or association that recognizes accrediting agencies or associations.

(6) **DISABILITY.**—The term “disability” has the same meaning given that term under section 3(2) of the Americans With Disabilities Act of 1990.

(7) **DISTANCE EDUCATION.**—

(A) **IN GENERAL.**—Except as otherwise provided, the term “distance education” means education that uses one or more of the technologies described in subparagraph (B)—

(i) to deliver instruction to students who are separated from the instructor; and

(ii) to support regular and substantive interaction between the students and the instructor, synchronously or asynchronously.

(B) **INCLUSIONS.**—For the purposes of subparagraph (A), the technologies used may include—

(i) the Internet;

(ii) one-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices;

(iii) audio conferencing; or

(iv) video cassettes, DVDs, and CD-ROMs, if the cassettes, DVDs, or CD-ROMs are used in a course in conjunction with any of the technologies listed in clauses (i) through (iii).

(8) **EARLY CHILDHOOD EDUCATION PROGRAM.**—The term “early childhood education program” means—

(A) a Head Start program or an Early Head Start program carried out under the Head Start Act (42 U.S.C. 9831 et seq.), including a migrant or seasonal Head Start program, an Indian Head Start program, or a Head Start program or an Early Head Start program that also receives State funding;

(B) a State licensed or regulated child care program; or

(C) a program that—

(i) serves children from birth through age six that addresses the children’s cognitive (including language,

early literacy, and early mathematics), social, emotional, and physical development; and

(ii) is—

- (I) a State prekindergarten program;
- (II) a program authorized under section 619 or part C of the Individuals with Disabilities Education Act; or
- (III) a program operated by a local educational agency.

(9) **ELEMENTARY SCHOOL.**—The term “elementary school” has the same meaning given that term under section 8101 of the Elementary and Secondary Education Act of 1965.

(10) **GIFTED AND TALENTED.**—The term “gifted and talented” has the same meaning given that term under section 8101 of the Elementary and Secondary Education Act of 1965.

(11) **LOCAL EDUCATIONAL AGENCY.**—The term “local educational agency” has the same meaning given that term under section 8101 of the Elementary and Secondary Education Act of 1965.

(12) **NEW BORROWER.**—The term “new borrower” when used with respect to any date means an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under title IV.

(13) **NONPROFIT.**—The term “nonprofit” as applied to a school, agency, organization, or institution means a school, agency, organization, or institution owned and operated by one or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(14) **POVERTY LINE.**—The term “poverty line” means the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved.

(15) **SCHOOL OR DEPARTMENT OF DIVINITY.**—The term “school or department of divinity” means an institution, or a department or a branch of an institution, the program of instruction of which is designed for the education of students—

(A) to prepare the students to become ministers of religion or to enter upon some other religious vocation (or to provide continuing training for any such vocation); or

(B) to prepare the students to teach theological subjects.

(16) **SECONDARY SCHOOL.**—The term “secondary school” has the same meaning given that term under section 8101 of the Elementary and Secondary Education Act of 1965.

(17) **SECRETARY.**—The term “Secretary” means the Secretary of Education.

(18) **SERVICE-LEARNING.**—The term “service-learning” has the same meaning given that term under section 101(23) of the National and Community Service Act of 1990.

(19) **SPECIAL EDUCATION TEACHER.**—The term “special education teacher” means teachers who teach children with disabilities as defined in section 602 of the Individuals with Disabilities Education Act.

(20) **STATE; FREELY ASSOCIATED STATES.**—

(A) STATE.—The term “State” includes, in addition to the several States of the United States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States.

(B) FREELY ASSOCIATED STATES.—The term “Freely Associated States” means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(21) STATE EDUCATIONAL AGENCY.—The term “State educational agency” has the same meaning given that term under section 8101 of the Elementary and Secondary Education Act of 1965.

(22) STATE HIGHER EDUCATION AGENCY.—The term “State higher education agency” means the officer or agency primarily responsible for the State supervision of higher education.

(23) UNIVERSAL DESIGN.—The term “universal design” has the meaning given the term in section 3 of the Assistive Technology Act of 1998 (29 U.S.C. 3002).

(24) UNIVERSAL DESIGN FOR LEARNING.—The term “universal design for learning” means a scientifically valid framework for guiding educational practice that—

(A) provides flexibility in the ways information is presented, in the ways students respond or demonstrate knowledge and skills, and in the ways students are engaged; and

(B) reduces barriers in instruction, provides appropriate accommodations, supports, and challenges, and maintains high achievement expectations for all students, including students with disabilities and students who are limited English proficient.

(25) CIP CODE.—*The term “CIP code” means the six-digit taxonomic identification code assigned by an institution of higher education to a specific program of study at the institution, determined by the institution in accordance with the Classification of Instructional Programs published by the National Center for Education Statistics.*

(26) CREDENTIAL LEVEL.—

(A) IN GENERAL.—*The term “credential level” means the level of the degree or other credential awarded by an institution of higher education to students who complete a program of study of the institution. Each degree or other credential awarded by an institution shall be categorized by the institution as either undergraduate credential level or graduate credential level.*

(B) UNDERGRADUATE CREDENTIAL.—*When used with respect to a credential or credential level, the term “undergraduate credential” includes credentials such as an undergraduate certificate, an associate degree, a bachelor’s degree, and a post-baccalaureate certificate.*

(C) GRADUATE CREDENTIAL.—*When used with respect to a credential or credential level, the term “graduate credential” includes credentials such as a master’s degree, a doc-*

toral degree, a professional degree, and a postgraduate certificate.

(27) **PROGRAM OF STUDY.**—The term “program of study” means an academic program of study offered to students by an institution of higher education that—

(A) upon completion of the program, results in the award of a credential to a student, including a degree, diploma, or certificate, for one credential level;

(B) is certified as a program of study in the institution’s program participation agreement under section 487; and

(C) is classified by a combination of—

(i) a CIP code; and

(ii) one credential level, determined by the credential awarded upon completion of the program.

(28) **PROGRAM LENGTH.**—The term “program length” means the minimum amount of time in weeks, months, or years that is specified in the catalog, marketing materials, or other official publications of an institution of higher education for a full-time student to complete the requirements for a specific program of study and to obtain the degree or credential awarded by such program.

(29) **TIME TO CREDENTIAL.**—The term “time to credential” means, with respect to a student, the actual amount of time in weeks, months, or years it takes the student to complete the requirements for a specific program of study and to obtain the degree or credential awarded by such program.

(30) **VALUE-ADDED EARNINGS.**—

(A) **CALCULATION.**—With respect to a student who received Federal financial aid under title IV and who completed a program of study offered by an institution of higher education, the term “value-added earnings” means—

(i) the annual earnings of such student measured during the applicable earnings measurement period for such program (as determined under subparagraph (C)); minus

(ii) in the case of a student who completed a program of study that awards—

(I) an undergraduate credential (other than such a credential awarded by a qualifying undergraduate program as defined in section 455(a)(4)(B)(ii)), 150 percent of the poverty line applicable to a single individual as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) for such year; or

(II) a graduate credential or an undergraduate credential awarded by a qualifying undergraduate program as defined in section 455(a)(4)(B)(ii), 300 percent of the poverty line applicable to a single individual as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) for such year.

(B) **GEOGRAPHIC ADJUSTMENT.**—

(i) **IN GENERAL.**—Except as provided in clause (ii), the Secretary shall use the geographic location of the

institution at which a student completed a program of study to adjust the value-added earnings of the student calculated under subparagraph (A) by dividing—

(I) the difference between subclauses (I) and (II) of such subparagraph; by

(II) the most recent regional price parity index of the Bureau of Economics Analysis for the State or, as applicable, metropolitan area in which such institution is located.

(ii) EXCEPTION.—The value-added earnings of a student calculated under subparagraph (A) shall not be adjusted based on geographic location in accordance with clause (i) if such student attended principally through distance education.

(C) EARNINGS MEASUREMENT PERIOD.—

(i) IN GENERAL.—For the purpose of calculating the value-added earnings of a student, except as provided in clause (ii), the annual earnings of a student shall be measured—

(I) in the case of a program of study that awards an undergraduate certificate, post baccalaureate certificate, or graduate certificate, one year after the student completes such program;

(II) in the case of a program of study that awards an associate's degree or master's degree, 2 years after the student completes such program; and

(III) in the case of a program of study that awards a bachelor's degree, doctoral degree, or professional degree, 4 years after the student completes such program.

(ii) EXCEPTION.—The Secretary may, as the Secretary determines appropriate based on the characteristics of a program of study, extend an earnings measurement period described in clause (i) for a program of study that—

(I) requires completion of an additional educational program after completion of the program of study in order to obtain a licensure associated with the credential awarded for such program of study; and

(II) when combined with the program length of such additional educational program for licensure, has a total program length that exceeds the relevant earnings measurement period prescribed for such program of study under clause (i),

except that in no case shall the annual earnings of a student be measured more than 5 years after the student completes a program of study.

PART B—ADDITIONAL GENERAL PROVISIONS

* * * * *

SEC. 114. NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.

(a) **ESTABLISHMENT.**—There is established in the Department a National Advisory Committee on Institutional Quality and Integrity (in this section referred to as the “Committee”) to assess the process of accreditation and the institutional eligibility and certification of institutions of higher education (as defined in section 102) under title IV.

(b) **MEMBERSHIP.**—

(1) **IN GENERAL.**—The Committee shall have 18 members, of which—

(A) six members shall be appointed by the Secretary;

(B) six members shall be appointed by the Speaker of the House of Representatives, three of whom shall be appointed on the recommendation of the majority leader of the House of Representatives, and three of whom shall be appointed on the recommendation of the minority leader of the House of Representatives; and

(C) six members shall be appointed by the President pro tempore of the Senate, three of whom shall be appointed on the recommendation of the majority leader of the Senate, and three of whom shall be appointed on the recommendation of the minority leader of the Senate.

(2) **QUALIFICATIONS.**—**[Individuals]**

(A) *IN GENERAL.*—*Individuals* shall be appointed as members of the Committee—

[(A)] (i) on the basis of the individuals’ experience, integrity, impartiality, and good judgment;

[(B)] (ii) from among individuals who are representatives of, or knowledgeable concerning, education **[and training]** *skills development* beyond secondary education, representing all sectors and types of institutions of higher education (as defined in section 102); and

[(C)] (iii) on the basis of the individuals’ technical qualifications, professional standing, and demonstrated knowledge in the fields of accreditation and administration in higher education.

(B) *DISQUALIFICATION.*—*No individual may be appointed as a member of the Committee if such individual has a significant conflict of interest, such as being a current regulator (such as a State authorizer), that would require the individual to frequently be recused from serving as a member of the Committee.*

(3) **TERMS OF MEMBERS.**—**[Except as provided in paragraph (5), the term]** *The term* of office of each member of the Committee shall be for six years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which the member’s predecessor was appointed shall be appointed for the remainder of such term.

(4) **VACANCY.**—A vacancy on the Committee shall be filled in the same manner as the original appointment was made not later than 90 days after the vacancy occurs. If a vacancy occurs in a position to be filled by the Secretary, the Secretary shall publish a Federal Register notice soliciting nominations for the

position not later than 30 days after being notified of the vacancy.

(5) INITIAL TERMS.—The terms of office for the initial members of the Committee shall be—

- (A) three years for members appointed under paragraph (1)(A);
- (B) four years for members appointed under paragraph (1)(B); and
- (C) six years for members appointed under paragraph (1)(C).

(6) CHAIRPERSON.—The members of the Committee shall select a chairperson from among the members.

(c) FUNCTIONS.—The Committee shall—

(1) advise the Secretary with respect to establishment and enforcement of the standards of accrediting agencies or associations under subpart 2 of part H of title IV;

(2) advise the Secretary with respect to the recognition of a specific accrediting agency or association;

(3) advise the Secretary with respect to the preparation and publication of the list of nationally recognized accrediting agencies and associations;

(4) advise the Secretary with respect to the eligibility and certification process for institutions of higher education under title IV, together with recommendations for improvements in such process; *and*

(5) advise the Secretary with respect to the relationship between—

(A) accreditation of institutions of higher education and the certification and eligibility of such institutions; and

(B) State licensing responsibilities with respect to such institutions[; and].

[(6) carry out such other advisory functions relating to accreditation and institutional eligibility as the Secretary may prescribe by regulation.]

(d) MEETING PROCEDURES.—

(1) SCHEDULE.—

(A) BIENNIAL MEETINGS.—The Committee shall meet not less often than twice each year, at the call of the Chairperson.

(B) PUBLICATION OF DATE.—The Committee shall submit the date and location of each meeting in advance to the Secretary, and the Secretary shall publish such information in the Federal Register not later than 30 days before the meeting.

(2) AGENDA.—

(A) ESTABLISHMENT.—The agenda for a meeting of the Committee shall be established by the Chairperson and shall be submitted to the members of the Committee upon notification of the meeting.

(B) OPPORTUNITY FOR PUBLIC COMMENT.—The agenda shall include, at a minimum, opportunity for public comment during the Committee's deliberations. *The name of any member of the Committee who has been recused with respect to an agenda item of the meeting shall be included in such agenda.*

(3) SECRETARY'S DESIGNEE.—The Secretary shall designate an employee of the Department to serve as the Secretary's designee to the Committee, and the Chairperson shall invite the Secretary's designee to attend all meetings of the Committee.

(4) CHAPTER 10 OF TITLE 5, UNITED STATES CODE.—Chapter 10 of title 5, United States Code, shall apply to the Committee, except that section 1013 of title 5, United States Code, shall not apply.

(e) REPORT AND NOTICE.—

(1) NOTICE.—The Secretary shall annually publish in the Federal Register—

(A) a list containing, for each member of the Committee—

- (i) the member's name;
- (ii) the date of the expiration of the member's term of office; and
- (iii) the name of the individual described in subsection (b)(1) who appointed the member; and

(B) a solicitation of nominations for each expiring term of office on the Committee of a member appointed by the Secretary.

(2) REPORT.—Not later than the last day of each fiscal year, the Committee shall make available an annual report to the Secretary, the authorizing committees, and the public. The annual report shall contain—

(A) a detailed summary of the agenda and activities of, and the findings and recommendations made by, the Committee during the fiscal year preceding the fiscal year in which the report is made;

(B) a list of the date and location of each meeting during the fiscal year preceding the fiscal year in which the report is made;

(C) a list of the members of the Committee; and

(D) a list of the functions of the Committee[, including any additional functions established by the Secretary through regulation].

(f) TERMINATION.—The Committee shall terminate on [September 30, 2021] September 30, 2028.

* * * * *

SEC. 124. INSTITUTION FINANCIAL AID OFFER FORM.

(a) STANDARD FORM AND TERMINOLOGY.—*The Secretary, in consultation with the heads of relevant Federal agencies, shall develop standard terminology and a standard form for financial aid offers based on recommendations from representatives of students, veterans, servicemembers, families of students, institutions of higher education (including community colleges, for-profit institutions, four-year public institutions, and four-year private nonprofit institutions), financial aid experts, secondary school and postsecondary counselors, college access professionals, nonprofit organizations, and consumer groups.*

(b) KEY REQUIRED CONTENTS FOR AID OFFER.—*The standard form developed pursuant to subsection (a) shall be titled "Financial Aid Offer" and shall include the following items in a consumer-friendly manner that is simple and understandable, with costs list-*

ed first, followed by grants and scholarships, clearly separated from each other with separate headings:

(1) COST INFORMATION.—

(A) IN GENERAL.—Information on the student's estimated cost of attendance, including the following:

(i) DIRECT COSTS.—The total cost of all items described in section 472 that are billed to the student by the institution or otherwise required by the institution for enrollment, including such total cost disaggregated by the cost of each such item, including, as determined under such section—

(I) tuition and fees (and other required expenses); and

(II) housing and food for a student electing institutionally owned or operated food services or institutionally owned or operated housing.

(ii) INDIRECT COSTS.—The total cost (including such total cost disaggregated by the cost of each item) as determined under section 472, of—

(I) housing and food for a student not electing institutionally owned or operated food services and not living in institutionally owned or operated housing;

(II) books, school supplies, equipment, course materials, and rental or purchase of a personal computer;

(III) transportation; and

(IV) any other item described in such section and not described in clause (i) determined to be necessary by the institution.

(B) The academic period covered by the financial aid offer, and an explanation that the amount of financial aid offered may differ—

(i) for academic periods not covered by the aid offer, such as a summer term or future academic year; or

(ii) by program.

(C) An indication of whether cost and aid estimates are based on full-time or part-time enrollment.

(D) An indication, as applicable, about whether any costs described in subparagraph (A)(i) which are subject to change are—

(i) estimated based on the previous year; or

(ii) set for the academic period indicated in accordance with subparagraph (B).

(2) GRANTS AND SCHOLARSHIPS.—The aggregate amount of grants and scholarships, differentiated by source, that the student does not have to repay, such as grant aid offered under title IV, grant aid offered through other Federal programs, grant aid offered by the institution, grant aid offered by the State, and, if known, grant aid or scholarship from an outside source to the student for such academic period, including a disclosure that the grants and scholarships do not have to be repaid, except that institutions shall be authorized to list individual grants and scholarships by name at the discretion of the institution.

(3) *NET PRICE.*—

(A) *IN GENERAL.*—*The net price that the student, is estimated to have to pay for the student to attend the institution for such academic period, including the following:*

(i) *MINIMUM AMOUNT COVERED BY STUDENT FOR ENROLLMENT.*—*The net price of tuition and fees (and other required expenses), which is equal to—*

(I) *the sum of the costs described in paragraph (1)(A) that are required for students (as determined under paragraph (5)(B)) for the period indicated in paragraph (1)(B); minus*

(II) *the total amount of grant and scholarship aid described in paragraph (2) that is included in the financial aid offer and available to the student for the costs described in subclause (I).*

(ii) *ESTIMATED ANNUAL NET PRICE OF ATTENDANCE.*—*The estimated net price of attendance, which is equal to—*

(I) *the cost of attendance for the student for the period indicated in paragraph (1)(B); minus*

(II) *the total amount of grant and scholarship aid described in paragraph (2).*

(B) *DISCLOSURE.*—*A disclosure that the estimated annual net price of attendance as calculated under subparagraph (A)(ii) is based on an estimate of the total cost of attendance for the year and not necessarily equivalent to the amount the student will owe directly to the institution.*

(4) *LOANS.*—

(A) *Information on any education loan offered through any Federal or State program (including any loan under part D or part E of title IV other than a Federal Direct PLUS Loan) that the institution offers for the student for the academic period covered by the offer, which shall be made—*

(i) *with clear use of the word “loan” to describe the recommended loan amounts; and*

(ii) *with clear labeling of subsidized and unsubsidized loans.*

(B) *If applicable, a disclosure that such loans have to be repaid with interest.*

(C) *Information on any other loan that the student or parent has applied for and been approved for, regardless of the source.*

(5) *STUDENT EMPLOYMENT.*—*Information on work-study employment opportunities (including work-study programs under part C of title IV, institutional work-study programs, or State work-study programs), including—*

(A) *the maximum annual amount the student may earn through the program; and*

(B) *a disclosure that any amounts received pursuant to such a program may be—*

(i) *subject to the availability of qualified employment opportunities upon students enrollment; and*

(ii) *disbursed over time as earned by the student.*

(6) *PROCESS FOR ACCEPTING, ADJUSTING, OR DECLINING AID AND NEXT STEPS.*—

(A) *The deadlines and a summary of the process (including the next steps) for—*

- (i) *accepting the financial aid offered;*
- (ii) *adjusting the amount of aid offered; and*
- (iii) *declining the aid offered.*

(B) *Information on when and how costs described in paragraph (1)(A)(i) must be paid, including a clear indication of whether each such cost is required or optional for the student.*

(C) *A disclosure that verification of information provided on the Free Application for Federal Student Aid may require the student to submit further documentation.*

(D) *Information about where a student or the student's family can seek additional information regarding the financial aid offered, including contact information for the institution's financial aid office and the Department of Education's website on financial aid.*

(E) *Information about where a student or a student's family can seek additional information on college costs and student outcomes, including a link to the Department of Education's College Scorecard website (or successor website).*

(7) *NET PRICE CALCULATOR.*—*A link to the universal net price calculator website described in section 132(c)(4).*

(8) *QUICK REFERENCE BOX.*—*A standardized quick reference box to enable students to compare information on the costs and financial aid described in paragraphs (1) and (2). The quick reference box shall include the following two data elements:*

(A) *The minimum amount covered by the student for enrollment described in paragraph (3)(A)(i).*

(B) *The estimated annual net price of attendance described in paragraph (3)(A)(ii).*

(9) *ADDITIONAL INFORMATION.*—*Any other information the Secretary, in consultation with the heads of relevant Federal agencies, including the Secretary of the Treasury and the Director of the Bureau of Consumer Financial Protection, determines necessary, based on the results and input of the consumer testing under subsection (h)(2), and limited only to effectively communicating college costs and financial aid eligibility to students and parents.*

(c) *OTHER REQUIRED CONTENTS FOR AID OFFER.*—*The standard form developed under subsection (a) shall include, in addition to the information described in subsection (b), the following information in a concise format determined by the Secretary, in consultation with the heads of relevant Federal agencies and the individuals and entities described in subsection (a):*

(1) *Additional options and potential resources for paying for the amount listed in subsection (b)(3), such as tuition payment plans.*

(2) *The following information relating to private student loans and Federal Direct PLUS Loans:*

(A) *A disclosure that Federal Direct PLUS Loans, private education loans, or income share agreements may be avail-*

able to cover remaining need, except that the institution may not include Federal Direct PLUS Loans or private education loans other than under the conditions described in subsection (b)(4)(C) and must include a disclosure that such loans—

(i) are subject to an additional application process; and

(ii) must be repaid by the borrower or their co-signer, and may not be eligible for the benefits available for Federal Direct Loans or Federal Direct Unsubsidized Loans.

(B) A statement that students considering borrowing to cover the cost of attendance should consider available Federal student loans prior to applying for private education loans, including an explanation that Federal student loans offer generally more favorable terms and beneficial repayment options than private loans.

(d) **ADDITIONAL FORMATTING REQUIREMENTS FOR FINANCIAL AID OFFER.**—The financial aid offer shall meet the following requirements:

(1) Clearly distinguish between the aid offered under paragraphs (2) and (4) of subsection (b), by including a subtotal for the aid offered in each of such paragraphs and by refraining from commingling the different types of aid described in such paragraphs.

(2) Use standard terminology and definitions, as described in subsection (f)(1), and use plain language where possible.

(3) Use the standard aid offer described in subsection (f)(2).

(e) **ADDITIONAL REQUIREMENTS FOR ELECTRONIC FINANCIAL AID OFFERS.**—In the case of an electronic financial aid offer that includes a requirement that a student confirm receipt of such offer, such confirmation may not be considered an acceptance or rejection of such offer.

(f) **SUPPLEMENTAL CONTENT AND DISCLOSURES TO BE PROVIDED.**—In addition to the standard form described under subsection (a), institutions shall provide, in supplemental documents or through easily accessible weblinks to the institution's portal or a website, the following:

(1) The renewability requirements and conditions under which the student can expect to receive similar amounts of such financial aid for each academic period the student is enrolled at the institution.

(2) Whether the aid offer may change if aid from outside sources is applied after the student receives the initial aid offer, and, if applicable, how that aid will change.

(3) If loans under part D or part E of title IV or other education loans offered through Federal programs are included—

(A) a disclosure that the interest rates and fees on such loans are set annually and affect total cost over time, and a link to any website that includes current information on interest rates and fees; and

(B) if an institution's recommended Federal student loan aid offered in subsection (b)(4) is less than the Federal maximum available to the student, the institution shall provide additional information on Federal student loans

including the types and amounts for which the student is eligible and the process for requesting higher loan amounts if offered loan amounts were included.

(4) If the institution opts not to disclose other items described in subsection (b)(1)(A)(ii)(V) as part of the aid offer, a list of such other items and the allowance amount for each such item.

(g) STANDARD INFORMATION ESTABLISHED BY SECRETARY.—

(1) STANDARD TERMINOLOGY.—Not later than 3 months after the date of enactment of the College Cost Reduction Act, the Secretary, in consultation with the heads of relevant Federal agencies, and the individuals and entities described in subsection (a) shall establish standard terminology and definitions for the terms described in subsection (b).

(2) STANDARD FORM.—

(A) IN GENERAL.—The Secretary of Education shall develop multiple draft financial aid offers for consumer testing, carry out consumer testing for such forms, and establish a finalized standard financial aid offer in accordance with—

- (i) the process established under subsection (h); and*
- (ii) the requirements of this section.*

(B) SEPARATE FINANCIAL AID OFFERS.—The Secretary shall develop separate financial aid offers for—

- (i) undergraduate students; and*
- (ii) graduate students.*

(h) ADDITIONAL INFORMATION; REMOVAL OF INFORMATION.—Nothing in this section shall preclude an institution from—

(1) supplementing the financial aid offer with additional information, provided that such information utilizes the same standard terminology identified in subsection (f)(1) and does not misrepresent costs, financial aid offered, or net price; or

(2) deleting a required item or disclosure if—

- (A) the student is ineligible for such aid;*
- (B) the institution does not participate in the aid program or type;*
- (C) the aid offer does not include the aid program or type; or*
- (D) a cost of attendance item is not applicable to the student.*

(i) DEVELOPMENT OF FINANCIAL AID OFFER.—

(1) DRAFT FORM.—Not later than 9 months after the date of enactment of the College Cost Reduction Act, the Secretary of Education, in consultation with the heads of relevant Federal agencies and the individuals and entities described in subsection (a) shall design and produce multiple draft financial aid offers for consumer testing with postsecondary students or prospective students. In developing that form, the Secretary shall ensure that—

(A) the headings described in paragraphs (1) through (4) of subsection (b) are in the same font, appears in the same order, and are displayed prominently on the financial aid offer, such that none of that information is inappropriately omitted or deemphasized;

(B) the other information required under subsection (b) appears in a standard format and design on the financial aid offer; and

(C) the institution may include a logo or brand alongside the title of the financial aid offer.

(2) CONSUMER TESTING.—

(A) IN GENERAL.—Not later than 9 months after the date of enactment of the College Cost Reduction Act, the Secretary, in consultation with the heads of relevant Federal agencies, shall establish a process to submit the financial aid offer drafts developed under paragraph (1) for consumer testing among representatives of students (including low-income students, first generation college students, adult students, veterans, servicemembers, and prospective students), students' families (including low-income families, families with first generation college students, and families with prospective students), institutions of higher education, secondary school and postsecondary counselors, and non-profit consumer groups.

(B) LENGTH OF CONSUMER TESTING.—The Secretary shall ensure that the consumer testing under this paragraph lasts not longer than 8 months after the process for consumer testing is developed under subparagraph (A).

(C) NONAPPLICATION OF PAPERWORK REDUCTION ACT.—Subchapter I of chapter 35 of title 44, United States Code, shall not apply to the consumer testing process under this paragraph.

(3) FINAL FORM.—

(A) IN GENERAL.—The results of consumer testing under paragraph (2) shall be used in the development of the finalized standard financial aid offer required under subsection (f)(2).

(B) REPORTING REQUIREMENT.—Not later than 3 months after the date on which the consumer testing under paragraph (2) concludes, the Secretary shall submit to Congress, and publish on its website—

(i) the final standard financial aid offer; and

(ii) a report detailing the results of such testing, including whether the Secretary added, modified, or moved any additional items to the standard financial aid offer pursuant to subsection (b)(6).

(4) AUTHORITY TO MODIFY.—The Secretary may modify or remove the definitions, terms, formatting, and design of the financial aid offer based on the results of consumer testing required under this subsection and before finalizing the form, or in subsequent consumer testing. The Secretary may also recommend additional changes to Congress.

(j) COST OF ATTENDANCE DEFINED.—In this section, the term “cost of attendance” has the meaning given such term in section 472.

(k) USE OF MANDATORY FINANCIAL AID OFFER AND TERMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, each institution of higher education that receives Federal financial assistance under this Act shall—

(A) use the financial aid offer developed under this section in providing paper, mobile-optimized offers, or other

electronic offers to all students who apply for aid and are accepted at the institution; and

(B) use the standard terminology and definitions developed by the Secretary under subsection (f)(1) for all communications from the institution related to financial aid offers.

(2) EFFECTIVE DATE.—The requirements under this section shall take effect on the first date on which the Secretary releases the Free Application for Federal Student Aid for the applicable award year associated with that application, if such date occurs not less than 1 year after the Secretary of Education finalizes the standard terminology and form developed in accordance with this section.

(3) ADMINISTRATIVE PROCEDURES.—Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this section, including with respect to the definition of “income share agreement” or “private education loan” (as such term is defined in section 140(a) of the Truth in Lending Act (15 U.S.C. 1650(a))).

PART C—COST OF HIGHER EDUCATION

SEC. 131. IMPROVEMENTS IN MARKET INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

(a) IMPROVED DATA COLLECTION.—

(1) DEVELOPMENT OF UNIFORM METHODOLOGY.—The Secretary shall direct the Commissioner of Education Statistics to convene a series of forums to develop nationally consistent methodologies for reporting costs incurred by postsecondary institutions in providing postsecondary education.

(2) REDESIGN OF DATA SYSTEMS.—On the basis of the methodologies developed pursuant to paragraph (1), the Secretary shall redesign relevant parts of the postsecondary education data systems to improve the usefulness and timeliness of the data collected by such systems.

(3) INFORMATION TO INSTITUTIONS.—The Commissioner of Education Statistics shall—

(A) develop a standard definition for the following data elements:

(i) tuition and fees for a full-time undergraduate student;

(ii) cost of attendance for a full-time undergraduate student, consistent with the provisions of section 472;

(iii) average amount of financial assistance received by an undergraduate student who attends an institution of higher education, including—

(I) each type of assistance or benefit described in section 428(a)(2)(C)(ii);

(II) fellowships; and

(III) institutional and other assistance; and

(iv) number of students receiving financial assistance described in each of subclauses (I), (II), and (III) of clause (iii);

(B) not later than 90 days after the date of enactment of the Higher Education Amendments of 1998, report the definitions to each institution of higher education and

within a reasonable period of time thereafter inform the authorizing committees of those definitions; and

(C) collect information regarding the data elements described in subparagraph (A) with respect to at least all institutions of higher education participating in programs under title IV, beginning with the information from academic year 2000–2001 and annually thereafter.

(b) DATA DISSEMINATION.—The Secretary shall make available the data collected pursuant to subsection (a). Such data shall be available in a form that permits the review and comparison of the data submissions of individual institutions of higher education. Such data shall be presented in a form that is easily understandable and allows parents and students to make informed decisions based on the costs for typical full-time undergraduate students.

(c) STUDY.—

(1) IN GENERAL.—The Commissioner of Education Statistics shall conduct a national study of expenditures at institutions of higher education. Such study shall include information with respect to—

(A) the change in tuition and fees compared with the consumer price index and other appropriate measures of inflation;

(B) faculty salaries and benefits;

(C) administrative salaries, benefits and expenses;

(D) academic support services;

(E) research;

(F) operations and maintenance; and

(G) institutional expenditures for construction and technology and the potential cost of replacing instructional buildings and equipment.

(2) EVALUATION.—The study shall include an evaluation of—

(A) changes over time in the expenditures identified in paragraph (1);

(B) the relationship of the expenditures identified in paragraph (1) to college costs; and

(C) the extent to which increases in institutional financial aid and tuition discounting practices affect tuition increases, including the demographics of students receiving such discounts, the extent to which financial aid is provided to students with limited need in order to attract a student to a particular institution, and the extent to which Federal financial aid, including loan aid, has been used to offset the costs of such practices.

(3) FINAL REPORT.—The Commissioner of Education Statistics shall submit a report regarding the findings of the study required by paragraph (1) to the appropriate committees of Congress not later than September 30, 2002.

(4) HIGHER EDUCATION MARKET BASKET.—The Bureau of Labor Statistics, in consultation with the Commissioner of Education Statistics, shall develop a higher education market basket that identifies the items that comprise the costs of higher education. The Bureau of Labor Statistics shall provide a report on the market basket to the Committee on Labor and Human Resources of the Senate and the Committee on Edu-

cation and the Workforce of the House of Representatives not later than September 30, 2002.

(5) FINES.—In addition to actions authorized in section 487(c), the Secretary may impose a fine in an amount not to exceed \$25,000 on an institution of higher education for failing to provide the information described in paragraph (1) in a timely and accurate manner, or for failing to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data on the cost of higher education under this section and pursuant to the program participation agreement entered into under section 487.

(d) PROMOTION OF THE DEPARTMENT OF EDUCATION FEDERAL STUDENT FINANCIAL AID WEBSITE.—The Secretary shall display a link to the Federal student financial aid website of the Department in a prominent place on the homepage of the Department's website.

(e) ENHANCED STUDENT FINANCIAL AID INFORMATION.—

(1) IMPLEMENTATION.—The Secretary shall continue to improve the usefulness and accessibility of the information provided by the Department on college planning and student financial aid.

(2) DISSEMINATION.—The Secretary shall continue to make the availability of the information on the Federal student financial aid website of the Department widely known, through a major media campaign and other forms of communication.

(3) COORDINATION.—As a part of the efforts required under this subsection, the Secretary shall create one website accessible from the Department's website that fulfills the requirements under subsections (b), (f), and (g).

(f) IMPROVED AVAILABILITY AND COORDINATION OF INFORMATION CONCERNING STUDENT FINANCIAL AID PROGRAMS FOR MILITARY MEMBERS AND VETERANS.—

(1) COORDINATION.—The Secretary, in coordination with the Secretary of Defense and the Secretary of Veterans Affairs, shall create a searchable website that—

(A) contains information, in simple and understandable terms, about all Federal and State student financial assistance, readmission requirements under section 484C, and other student services, for which members of the Armed Forces (including members of the National Guard and Reserves), veterans, and the dependents of such members or veterans may be eligible; and

(B) is easily accessible through the website described in subsection (e)(3).

(2) IMPLEMENTATION.—Not later than one year after the date of enactment of the Higher Education Opportunity Act, the Secretary shall make publicly available the Armed Forces information website described in paragraph (1).

(3) DISSEMINATION.—The Secretary, in coordination with the Secretary of Defense and the Secretary of Veterans Affairs, shall make the availability of the Armed Forces information website described in paragraph (1) widely known to members of the Armed Forces (including members of the National Guard and Reserves), veterans, the dependents of such members or veterans, States, institutions of higher education, and the general public.

(4) DEFINITION.—In this subsection, the term “Federal and State student financial assistance” means any grant, loan, work assistance, tuition assistance, scholarship, fellowship, or other form of financial aid for pursuing a postsecondary education that is—

(A) administered, sponsored, or supported by the Department of Education, the Department of Defense, the Department of Veterans Affairs, or a State; and

(B) available to members of the Armed Forces (including members of the National Guard and Reserves), veterans, or the dependents of such members or veterans.

(g) PROMOTION OF AVAILABILITY OF INFORMATION CONCERNING OTHER STUDENT FINANCIAL AID PROGRAMS.—

(1) DEFINITION.—For purposes of this subsection, the term “nondepartmental student financial assistance program” means any grant, loan, scholarship, fellowship, or other form of financial aid for students pursuing a postsecondary education that is—

(A) distributed directly to the student or to the student’s account at an institution of higher education; and

(B) operated, sponsored, or supported by a Federal department or agency other than the Department of Education.

(2) AVAILABILITY OF OTHER STUDENT FINANCIAL AID INFORMATION.—The Secretary shall ensure that—

(A) not later than 90 days after the Secretary receives the information required under paragraph (3), the eligibility requirements, application procedures, financial terms and conditions, and other relevant information for each nondepartmental student financial assistance program are searchable and accessible through the Federal student financial aid website in a manner that is simple and understandable for students and the students’ families; and

(B) the website displaying the information described in subparagraph (A) includes a link to the National Database on Financial Assistance for the Study of Science, Technology, Engineering, and Mathematics pursuant to paragraph (4), and the information on military benefits under subsection (f), once such Database and information are available.

(3) NONDEPARTMENTAL STUDENT FINANCIAL ASSISTANCE PROGRAMS.—The Secretary shall request all Federal departments and agencies to provide the information described in paragraph (2)(A), and each Federal department or agency shall—

(A) promptly respond to surveys or other requests from the Secretary for the information described in such paragraph; and

(B) identify for the Secretary any nondepartmental student financial assistance program operated, sponsored, or supported by such Federal department or agency.

(4) NATIONAL STEM DATABASE.—

(A) IN GENERAL.—The Secretary shall establish and maintain, on the website described in subsection (e)(3), a National Database on Financial Assistance for the Study of Science, Technology, Engineering, and Mathematics (in

this paragraph referred to as the “STEM Database”). The STEM Database shall consist of information on scholarships, fellowships, and other programs of Federal, State, local, and, to the maximum extent practicable, private financial assistance available for the study of science, technology, engineering, or mathematics at the postsecondary and postbaccalaureate levels.

(B) DATABASE CONTENTS.—The information maintained on the STEM Database shall be displayed on the website in the following manner:

(i) SEPARATE INFORMATION.—The STEM Database shall provide separate information for each of the fields of science, technology, engineering, and mathematics, and for postsecondary and postbaccalaureate programs of financial assistance.

(ii) INFORMATION ON TARGETED ASSISTANCE.—The STEM Database shall provide specific information on any program of financial assistance that is targeted to individuals based on financial need, merit, or student characteristics.

(iii) CONTACT AND WEBSITE INFORMATION.—The STEM Database shall provide—

(I) standard contact information that an interested person may use to contact a sponsor of any program of financial assistance included in the STEM Database; and

(II) if such sponsor maintains a public website, a link to the website.

(iv) SEARCH AND MATCH CAPABILITIES.—The STEM Database shall—

(I) have a search capability that permits an individual to search for information on the basis of each category of the information provided through the STEM Database and on the basis of combinations of categories of the information provided, including—

(aa) whether the financial assistance is need- or merit-based; and

(bb) by relevant academic majors; and

(II) have a match capability that—

(aa) searches the STEM Database for all financial assistance opportunities for which an individual may be qualified to apply, based on the student characteristics provided by such individual; and

(bb) provides information to an individual for only those opportunities for which such individual is qualified, based on the student characteristics provided by such individual.

(v) RECOMMENDATION AND DISCLAIMER.—The STEM Database shall provide, to the users of the STEM Database—

(I) a recommendation that students and families should carefully review all of the application re-

quirements prior to applying for any aid or program of student financial assistance; and

(II) a disclaimer that the non-Federal programs of student financial assistance presented in the STEM Database are not provided or endorsed by the Department or the Federal Government.

(C) **COMPILATION OF FINANCIAL ASSISTANCE INFORMATION.**—In carrying out this paragraph, the Secretary shall—

(i) consult with public and private sources of scholarships, fellowships, and other programs of student financial assistance; and

(ii) make easily available a process for such entities to provide regular and updated information about the scholarships, fellowships, or other programs of student financial assistance.

(D) **CONTRACT AUTHORIZED.**—In carrying out the requirements of this paragraph, the Secretary is authorized to enter into a contract with a private entity with demonstrated expertise in creating and maintaining databases such as the one required under this paragraph, under which contract the entity shall furnish, and regularly update, all of the information required to be maintained on the STEM Database.

(5) **DISSEMINATION OF INFORMATION.**—The Secretary shall take such actions, on an ongoing basis, as may be necessary to disseminate information under this subsection and to encourage the use of the information by interested parties, including sending notices to secondary schools and institutions of higher education.

(h) **NO USER FEES FOR DEPARTMENT FINANCIAL AID WEBSITES.**—No fee shall be charged to any individual to access—

(1) a database or website of the Department that provides information about higher education programs or student financial assistance, including the **College Navigator** *College Scorecard* website (or successor website) and the websites and databases described in this section and section 132; or

(2) information about higher education programs or student financial assistance available through a database or website of the Department.

SEC. 132. TRANSPARENCY IN COLLEGE TUITION FOR CONSUMERS.

[(a) **DEFINITIONS.**—In this section:

[(1) **COLLEGE NAVIGATOR WEBSITE.**—The term “College Navigator website” means the College Navigator website operated by the Department and includes any successor website.

[(2) **COST OF ATTENDANCE.**—The term “cost of attendance” means the average annual cost of tuition and fees, room and board, books, supplies, and transportation for an institution of higher education for a first-time, full-time undergraduate student enrolled in the institution.

[(3) **NET PRICE.**—The term “net price” means the average yearly price actually charged to first-time, full-time undergraduate students receiving student aid at an institution of higher education after deducting such aid, which shall be determined by calculating the difference between—

[(A) the institution's cost of attendance for the year for which the determination is made; and

[(B) the quotient of—

[(i) the total amount of need-based grant aid and merit-based grant aid, from Federal, State, and institutional sources, provided to such students enrolled in the institution for such year; and

[(ii) the total number of such students receiving such need-based grant aid or merit-based grant aid for such year.

[(4) TUITION AND FEES.—The term “tuition and fees” means the average annual cost of tuition and fees for an institution of higher education for first-time, full-time undergraduate students enrolled in the institution.

[(b) CALCULATIONS FOR PUBLIC INSTITUTIONS.—In making the calculations regarding cost of attendance, net price, and tuition and fees under this section with respect to a public institution of higher education, the Secretary shall calculate the cost of attendance, net price, and tuition and fees at such institution in the manner described in subsection (a), except that—

[(1) the cost of attendance, net price, and tuition and fees shall be calculated for first-time, full-time undergraduate students enrolled in the institution who are residents of the State in which such institution is located; and

[(2) in determining the net price, the average need-based grant aid and merit-based grant aid described in subsection (a)(3)(B) shall be calculated based on the average total amount of such aid received by first-time, full-time undergraduate students who are residents of the State in which such institution is located, divided by the total number of such resident students receiving such need-based grant aid or merit-based grant aid at such institution.

[(c) COLLEGE AFFORDABILITY AND TRANSPARENCY LISTS.—

[(1) AVAILABILITY OF LISTS.—Beginning July 1, 2011, the Secretary shall make publicly available on the College Navigator website, in a manner that is sortable and searchable by State, the following:

[(A) A list of the five percent of institutions in each category described in subsection (d) that have the highest tuition and fees for the most recent academic year for which data are available.

[(B) A list of the five percent of institutions in each such category that have the highest net price for the most recent academic year for which data are available.

[(C) A list of the five percent of institutions in each such category that have the largest increase, expressed as a percentage change, in tuition and fees over the most recent three academic years for which data are available, using the first academic year of the three-year period as the base year to compute such percentage change.

[(D) A list of the five percent of institutions in each such category that have the largest increase, expressed as a percentage change, in net price over the most recent three academic years for which data are available, using the

first academic year of the three-year period as the base year to compute such percentage change.

[(E) A list of the ten percent of institutions in each such category that have the lowest tuition and fees for the most recent academic year for which data are available.

[(F) A list of the ten percent of institutions in each such category that have the lowest net price for the most recent academic year for which data are available.

[(2) ANNUAL UPDATES.—The Secretary shall annually update the lists described in paragraph (1) on the College Navigator website.

[(d) CATEGORIES OF INSTITUTIONS.—The lists described in subsection (c)(1) shall be compiled according to the following categories of institutions that participate in programs under title IV:

[(1) Four-year public institutions of higher education.

[(2) Four-year private, nonprofit institutions of higher education.

[(3) Four-year private, for-profit institutions of higher education.

[(4) Two-year public institutions of higher education.

[(5) Two-year private, nonprofit institutions of higher education.

[(6) Two-year private, for-profit institutions of higher education.

[(7) Less than two-year public institutions of higher education.

[(8) Less than two-year private, nonprofit institutions of higher education.

[(9) Less than two-year private, for-profit institutions of higher education.

[(e) REPORTS BY INSTITUTIONS.—

[(1) REPORT TO SECRETARY.—If an institution of higher education is included on a list described in subparagraph (C) or (D) of subsection (c)(1), the institution shall submit to the Secretary a report containing the following information:

[(A) A description of the major areas in the institution's budget with the greatest cost increases.

[(B) An explanation of the cost increases described in subparagraph (A).

[(C) A description of the steps the institution will take toward the goal of reducing costs in the areas described in subparagraph (A).

[(D) In the case of an institution that is included on the same list under subparagraph (C) or (D) of subsection (c)(1) for two or more consecutive years, a description of the progress made on the steps described in subparagraph (C) of this paragraph that were included in the institution's report for the previous year.

[(E) If the determination of any cost increase described in subparagraph (A) is not within the exclusive control of the institution—

[(i) an explanation of the extent to which the institution participates in determining such cost increase;

[(ii) the identification of the agency or instrumentality of State government responsible for determining such cost increase; and

[(iii) any other information the institution considers relevant to the report.

[(2) INFORMATION TO THE PUBLIC.—The Secretary shall—

[(A) issue an annual report that summarizes all of the reports by institutions required under paragraph (1) to the authorizing committees; and

[(B) publish such report on the College Navigator website.

[(f) EXEMPTIONS.—

[(1) IN GENERAL.—An institution shall not be placed on a list described in subparagraph (C) or (D) of subsection (c)(1), and shall not be subject to the reporting required under subsection (e), if the dollar amount of the institution's increase in tuition and fees, or net price, as applicable, is less than \$600 for the three-year period described in such subparagraph.

[(2) UPDATE.—Beginning in 2014, and every three years thereafter, the Secretary shall update the dollar amount described in paragraph (1) based on annual increases in inflation, using the Consumer Price Index for each of the three most recent preceding years.

[(g) STATE HIGHER EDUCATION SPENDING CHART.—The Secretary shall annually report on the College Navigator website, in charts for each State, comparisons of—

[(1) the percentage change in spending by such State per full-time equivalent student at all public institutions of higher education in such State, for each of the five most recent preceding academic years;

[(2) the percentage change in tuition and fees for such students for all public institutions of higher education in such State for each of the five most recent preceding academic years; and

[(3) the percentage change in the total amount of need-based aid and merit-based aid provided by such State to full-time students enrolled in the public institutions of higher education in the State for each of the five most recent preceding academic years.]

(a) DEFINITIONS.—*In this section:*

(1) COLLEGE SCORECARD WEBSITE.—*The term “College Scorecard website” means the College Scorecard website required under subsection (c) and includes any successor website.*

(2) COST OF ATTENDANCE.—*The term “cost of attendance” has the meaning given such term in section 472.*

(3) TOTAL NET PRICE REQUIRED FOR COMPLETION.—*The term “total net price required for completion” means, with respect to the period of completion of a program of study—*

(A) the sum of the required costs described in section 124(b)(3)(A)(i)(I) charged to a student for such period of completion; minus

(B) the total amount of grant and scholarship aid described in paragraph (2) of section 124(b) that is available to the student for the costs described in subparagraph (A) for completion of a program of study.

[(h)] (b) NET PRICE CALCULATOR.—

(1) **DEVELOPMENT OF NET PRICE CALCULATOR.**—Not later than one year after the date of enactment of the Higher Education Opportunity Act, the Secretary shall, in consultation with institutions of higher education and other appropriate experts, develop a net price calculator to help current and prospective students, families, and other consumers estimate the individual net price of an institution of higher education for a student. The calculator shall be developed in a manner that enables current and prospective students, families, and consumers to determine an estimate of a current or prospective student's individual net price at a particular institution.

(2) **CALCULATION OF INDIVIDUAL NET PRICE.**—For purposes of this subsection, an individual net price of an institution of higher education shall be calculated in the same manner as the net price of such institution is calculated under subsection (a)(3), except that the cost of attendance and the amount of need-based and merit-based aid available shall be calculated for the individual student as much as practicable.

(3) **USE OF NET PRICE CALCULATOR BY INSTITUTIONS.**—Not later than two years after the date on which the Secretary makes the calculator developed under paragraph (1) available to institutions of higher education, each institution of higher education that receives Federal funds under title IV shall make publicly available on the institution's website a net price calculator to help current and prospective students, families, and other consumers estimate a student's individual net price at such institution of higher education. Such calculator may be a net price calculator developed—

(A) by the Department pursuant to paragraph (1); or

(B) by the institution of higher education, if the institution's calculator includes, at a minimum, the same data elements included in the calculator developed under paragraph (1).

(4) **DISCLAIMER.**—Estimates of an individual net price determined using a net price calculator required under paragraph (3) shall be accompanied by a clear and conspicuous notice—

(A) stating that the estimate—

(i) does not represent a final determination, or actual award, of financial assistance;

(ii) shall not be binding on the Secretary, the institution of higher education, or the State; and

(iii) may change;

(B) stating that the student must complete the Free Application for Federal Student Aid described in section 483 in order to be eligible for, and receive, an actual financial aid award that includes Federal grant, loan, or work-study assistance under title IV; and

(C) including a link to the website of the Department that allows students to access the Free Application for Federal Student Aid described in section 483.

[(i) CONSUMER INFORMATION.—

[(1) AVAILABILITY OF TITLE IV INSTITUTION INFORMATION.—Not later than one year after the date of enactment of the Higher Education Opportunity Act, the Secretary shall make

publicly available on the College Navigator website, in simple and understandable terms, the following information about each institution of higher education that participates in programs under title IV, for the most recent academic year for which satisfactory data are available:

[(A) A statement of the institution's mission.

[(B) The total number of undergraduate students who applied to, were admitted by, and enrolled in the institution.

[(C) For institutions that require SAT or ACT scores to be submitted, the reading, writing, mathematics, and combined scores on the SAT or ACT, as applicable, for the middle 50 percent range of the institution's freshman class.

[(D) The number of first-time, full-time, and part-time students enrolled at the institution, at the undergraduate and (if applicable) graduate levels.

[(E) The number of degree- or certificate-seeking undergraduate students enrolled at the institution who have transferred from another institution.

[(F) The percentages of male and female undergraduate students enrolled at the institution.

[(G) Of the first-time, full-time, degree- or certificate-seeking undergraduate students enrolled at the institution—

[(i) the percentage of such students who are from the State in which the institution is located;

[(ii) the percentage of such students who are from other States; and

[(iii) the percentage of such students who are international students.

[(H) The percentages of first-time, full-time, degree- or certificate-seeking students enrolled at the institution, disaggregated by race and ethnic background.

[(I) The percentage of undergraduate students enrolled at the institution who are formally registered with the office of disability services of the institution (or the equivalent office) as students with disabilities, except that if such percentage is three percent or less, the institution shall report "three percent or less".

[(J) The percentages of first-time, full-time, degree- or certificate-seeking undergraduate students enrolled at the institution who obtain a degree or certificate within—

[(i) the normal time for completion of, or graduation from, the student's program;

[(ii) 150 percent of the normal time for completion of, or graduation from, the student's program; and

[(iii) 200 percent of the normal time for completion of, or graduation from, the student's program;

[(K) The number of certificates, associate degrees, baccalaureate degrees, master's degrees, professional degrees, and doctoral degrees awarded by the institution.

[(L) The undergraduate major areas of study at the institution with the highest number of degrees awarded.

[(M) The student-faculty ratio, the number of full-time and part-time faculty, and the number of graduate assistants with primarily instructional responsibilities, at the institution.

[(N)(i) The cost of attendance for first-time, full-time undergraduate students enrolled in the institution who live on campus;

[(ii) the cost of attendance for first-time, full-time undergraduate students enrolled in the institution who live off campus; and

[(iii) in the case of a public institution of higher education and notwithstanding subsection (b)(1), the costs described in clauses (i) and (ii), for—

[(I) first-time, full-time students enrolled in the institution who are residents of the State in which the institution is located; and

[(II) first-time, full-time students enrolled in the institution who are not residents of such State.

[(O) The average annual grant amount (including Federal, State, and institutional aid) awarded to a first-time, full-time undergraduate student enrolled at the institution who receives financial aid.

[(P) The average annual amount of Federal student loans provided through the institution to undergraduate students enrolled at the institution.

[(Q) The total annual grant aid awarded to undergraduate students enrolled at the institution, from the Federal Government, a State, the institution, and other sources known by the institution.

[(R) The percentage of first-time, full-time undergraduate students enrolled at the institution receiving Federal, State, and institutional grants, student loans, and any other type of student financial assistance known by the institution, provided publicly or through the institution, such as Federal work-study funds.

[(S) The number of students enrolled at the institution receiving Federal Pell Grants.

[(T) The institution's cohort default rate, as defined under section 435(m).

[(U) The information on campus safety required to be collected under section 485(i).

[(V) A link to the institution's website that provides, in an easily accessible manner, the following information:

[(i) Student activities offered by the institution.

[(ii) Services offered by the institution for individuals with disabilities.

[(iii) Career and placement services offered by the institution to students during and after enrollment.

[(iv) Policies of the institution related to transfer of credit from other institutions.

[(W) A link to the appropriate section of the Bureau of Labor Statistics website that provides information on regional data on starting salaries in all major occupations.

[(X) Information required to be submitted under paragraph (4) and a link to the institution pricing summary page described in paragraph (5).

[(Y) In the case of an institution that was required to submit a report under subsection (e)(1), a link to such report.

[(Z) The availability of alternative tuition plans, which may include guaranteed tuition plans.

[(2) ANNUAL UPDATES.—The Secretary shall annually update the information described in paragraph (1) on the College Navigator website.

[(3) CONSULTATION.—The Secretary shall regularly consult with current and prospective college students, family members of such students, institutions of higher education, and other experts to improve the usefulness and relevance of the College Navigator website, with respect to the presentation of the consumer information collected in paragraph (1).

[(4) DATA COLLECTION.—The Commissioner for Education Statistics shall continue to update and improve the Integrated Postsecondary Education Data System (referred to in this section as “IPEDS”), including the reporting of information by institutions and the timeliness of the data collected.

[(5) INSTITUTION PRICING SUMMARY PAGE.—

[(A) AVAILABILITY OF LIST OF PARTICIPATING INSTITUTIONS.—The Secretary shall make publicly available on the College Navigator website in a sortable and searchable format a list of all institutions of higher education that participate in programs under title IV, which list shall, for each institution, include the following:

[(i) The tuition and fees for each of the three most recent academic years for which data are available.

[(ii) The net price for each of the three most recent available academic years for which data are available.

[(iii)(I) During the period beginning July 1, 2010, and ending June 30, 2013, the net price for students receiving Federal student financial aid under title IV, disaggregated by the income categories described in paragraph (6), for the most recent academic year for which data are available.

[(II) Beginning July 1, 2013, the net price for students receiving Federal student financial aid under title IV, disaggregated by the income categories described in paragraph (6), for each of the three most recent academic years for which data are available.

[(iv) The average annual percentage change and average annual dollar change in such institution’s tuition and fees for each of the three most recent academic years for which data are available.

[(v) The average annual percentage change and average annual dollar change in such institution’s net price for each of the three most recent preceding academic years for which data are available.

[(vi) A link to the webpage on the College Navigator website that provides the information described in paragraph (1) for the institution.

[(B) ANNUAL UPDATES.—The Secretary shall annually update the lists described in subparagraph (A) on the College Navigator website.]

[(6) INCOME CATEGORIES.—

[(A) IN GENERAL.—For purposes of reporting the information required under this subsection, the following income categories shall apply for students who receive Federal student financial aid under title IV:

- [(i) \$0–30,000.
- [(ii) \$30,001–48,000.
- [(iii) \$48,001–75,000.
- [(iv) \$75,001–110,000.
- [(v) \$110,001 and more.

[(B) ADJUSTMENT.—The Secretary may adjust the income categories listed in subparagraph (A) using the Consumer Price Index if the Secretary determines such adjustment is necessary.]

(c) CONSUMER INFORMATION.—

(1) AVAILABILITY OF INFORMATION FOR TITLE IV INSTITUTIONS AND PROGRAMS.—*Not later than 18 months after the date of the enactment of the College Cost Reduction Act, the Secretary shall make publicly available on the College Scorecard website the following aggregated information with respect to each institution of higher education and each program of study at such institution, as applicable, that participates in a program under title IV:*

- (A) *A link to the website of the institution.*
- (B) *A link to the net price calculator for such institution.*
- (C) *A link to the website of the institution containing campus safety data with respect to such institution.*
- (D) *The geographic location of the institution.*
- (E) *Information on the type of institution, including sector, size, predominant and highest credential awarded, research intensity, programs of study offered, and other characteristics of the institution.*
- (F) *Information on student enrollment, including the number and percentage of students enrolled full-time, less than full-time, and enrolled in distance education.*
- (G) *Information on student progression and completion, including time to credential and rates of withdrawal, retention, transfer, or completion.*
- (H) *Information on college costs and financial aid, including average, median, minimum, and maximum values of—*

(i) the cost of attendance, including such cost disaggregated by the costs described in paragraphs (1) through (14) of section 472(a);

(ii) the grants and scholarships received by students at the institution and the number and percentage of such students receiving such grants and scholarships, disaggregated by source and whether such aid is need-based, merit-based, an athletic scholarship, or other type of grant or scholarship; and

(iii) the total net price required for completion for students who received Federal financial assistance described in paragraph (2)(I).

(I) Information on student debt and repayment, including—

(i) the average, median, minimum, and maximum amounts borrowed by students under title IV; and

(ii) information with respect to repayment of loans made under title IV, including borrower-based repayment rates, dollar-based repayment rates, and time spent in repayment.

(J) Information on the earnings of students who received Federal financial assistance described in paragraph (2)(I), including the average, median, minimum, and maximum values of—

(i) with respect to students who complete a program of study in an award year—

(I) the annual earnings of such students; and

(II) the value-added earnings of such students; and

(ii) with respect to students who do not complete a program of study in an award year, the annual earnings of such students.

(2) *DISAGGREGATED INFORMATION.*—The Secretary shall ensure the information described in paragraph (1) is disaggregated, as applicable, by the following student characteristics:

(A) Financial circumstances including—

(i) household income categories, as determined by students' adjusted gross income, family size, and poverty line (as defined in section 401(a)); and

(ii) student aid index categories, as determined by the Secretary.

(B) Sex.

(C) Race and ethnicity.

(E) Classification as a student with a disability.

(F) Enrollment status, including part-time or full-time enrollment, and status as a distance education student.

(G) Status as an in-district, in-State, or out-of-State student.

(H) Status as an international student.

(I) Status as a recipient of Federal financial assistance, including—

(i) a Pell Grant;

(ii) a loan made under title IV; and

(iii) assistance described in section 131(f)(4) administered, sponsored, or supported by the Department of Defense or the Department of Veterans Affairs.

(J) Status as a participant in a program described in section 116(b)(3)(A)(ii) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3131(b)(3)(A)(ii)).

(3) *INSTITUTIONAL AND PROGRAM COMPARISON.*—The Secretary shall include on the College Scorecard website a method for users to easily compare institutions and programs, including in a manner that allows for such comparison based on—

- (A) *the institutional and program information described in paragraph (1); and*
 - (B) *the student characteristics described in paragraph (2).*
- (4) **UNIVERSAL NET PRICE CALCULATOR.**—
- (A) **ESTABLISHMENT.**—*Not later than 18 months after the date of the enactment of this paragraph, the Secretary shall establish, on a dedicated website of the Department, a Universal Net Price Calculator that provides to an individual, with respect to each institution of higher education and program of study offered by such institution—*
 - (i) *the information described in section 124, including the amounts described in clauses (i) and (ii) of subsection (b)(3) of such section; and*
 - (ii) *the total net price required for completion as defined under section 132(a).*
 - (B) **UNIVERSAL NET PRICE CALCULATOR INPUTS.**—
 - (i) **IN GENERAL.**—*Except as provided in clause (ii), the information required under subparagraph (A) shall be generated based on a single set of questions developed by the Secretary for purposes of capturing the information specified in paragraph (2) and using the data elements described in section 132(f)(2)(C)(ii).*
 - (ii) **FAFSA-BASED ESTIMATE.**—*When an individual submits a Free Application for Federal Student Aid described in section 483, the information required under subparagraph (A) shall be automatically generated based solely on the contents of such application and the data elements described in section 132(f)(2)(C)(ii).*
 - (C) **INTEGRATION WITH OTHER FEDERAL FINANCIAL AID RESOURCES.**—*The Secretary shall ensure that a website link or other means of accessing the Universal Net Price Calculator is included on—*
 - (i) *the College Scorecard website; and*
 - (ii) *the FAFSA website.*
 - (D) **RELATIONSHIP TO EARLY ESTIMATOR TOOL.**—*Beginning on the date on which the Universal Net Price Calculator becomes operational, the Secretary shall remove from the FAFSA website the electronic estimator maintained pursuant to section 485E(b)(4).*
- (5) **UPDATES.**—
- (A) **DATA.**—*The Secretary shall update the Universal Net Price Calculator Website and College Scorecard website not less than annually.*
 - (B) **TECHNOLOGY AND FORMAT.**—*The Secretary shall regularly assess the format and technology of the College Scorecard website and make any changes or updates that the Secretary considers appropriate.*
- (6) **CONSUMER TESTING.**—*In developing and maintaining the College Scorecard website, the Secretary, in consultation with appropriate departments and agencies of the Federal Government—*
- (A) *not later than 6 months after the date of the enactment of the College Cost Reduction Act, and not less than once every 3 years thereafter, shall conduct consumer test-*

ing with appropriate persons, including current and prospective college students, family members of such students, institutions of higher education, and experts, to ensure that the College Scorecard website is usable and easily understandable and provides useful and relevant information to students and families; and

(B) prominently shall display on such website in simple, understandable, and unbiased terms for the most recent academic year for which satisfactory data is available, the information described in paragraphs (1) and (2) that was determined to be useful and relevant to students and families based on the consumer testing described in subparagraph (A) for each institution and program of study (as applicable).

(7) INTERAGENCY COORDINATION.—The Secretary, in consultation with each appropriate head of a department or agency of the Federal Government, shall ensure, to the greatest extent practicable, that any information related to higher education that is published by such department or agency is consistent with the information published on the College Scorecard website.

(8) DATA COLLECTION AND DUPLICATED REPORTING.—Notwithstanding any other provision of this section, to the extent that another provision of this section requires the same reporting or collection of data that is required under this Act, an institution of higher education, or the Secretary or Commissioner, shall use the reporting or data required under this subsection to satisfy both requirements.

(9) DATA PRIVACY.—

(A) IN GENERAL.—The Secretary shall ensure any information made available under this section is made available in accordance with the privacy laws described in section 132(f)(1)(C)(iv).

(B) SMALL INSTITUTIONS AND PROGRAM OF STUDY.—For purposes of publishing the information described in paragraphs (1) and (2), for any year for which the number of students is determined by the Secretary to be of insufficient size to maintain the privacy of student data, the Secretary shall—

(i) aggregate up to 4 years of additional data for such program of study to obtain data for a sufficient number of students to maintain student privacy;

(ii) in the case of a program of study, if the method described in clause (i) is insufficient to maintain student privacy, aggregate data for students who completed or who were enrolled in, as applicable, similar program of study of the institution to obtain data for a sufficient number of students to maintain student privacy; and

(iii) in the case of a program of study, if the methods described in clauses (i) and (ii) are insufficient to maintain student privacy, or additional data described in such clauses is not available or can not be aggregated, aggregate data with respect to all students who completed or were enrolled in, as applicable, any pro-

gram of study of the institution of the same credential level, in lieu of data specific to students in such program of study.

[(j)] (d) MULTI-YEAR TUITION CALCULATOR.—

(1) DEVELOPMENT OF MULTI-YEAR TUITION CALCULATOR.—Not later than one year after the date of enactment of the Higher Education Opportunity Act, the Secretary shall, in consultation with institutions of higher education, financial planners, and other appropriate experts, develop a multi-year tuition calculator to help current and prospective students, families of such students, and other consumers estimate the amount of tuition an individual may pay to attend an institution of higher education in future years.

(2) CALCULATION OF MULTI-YEAR TUITION.—The multi-year tuition calculator described in paragraph (1) shall—

(A) allow an individual to select an institution of higher education for which the calculation shall be made;

(B) calculate an estimate of tuition and fees for each year of the normal duration of the program of study at such institution by—

(i) using the tuition and fees for such institution, as reported under subsection (i)(5)(A)(i), for the most recent academic year for which such data are reported; and

(ii) determining an estimated annual percentage change for each year for which the calculation is made, based on the annual percentage change in such institution's tuition and fees, as reported under subsection (i)(5)(A)(iv), for the most recent three-year period for which such data are reported;

(C) calculate an estimate of the total amount of tuition and fees to complete a program of study at such institution, based on the normal duration of such program, using the estimate calculated under subparagraph (B) for each year of the program of study;

(D) provide the individual with the option to replace the estimated annual percentage change described in subparagraph (B)(ii) with an alternative annual percentage change specified by the individual, and calculate an estimate of tuition and fees for each year and an estimate of the total amount of tuition and fees using the alternative percentage change;

(E) in the case of an institution that offers a multi-year tuition guarantee program, allow the individual to have the estimates of tuition and fees described in subparagraphs (B) and (C) calculated based on the provisions of such guarantee program for the tuition and fees charged to a student, or cohort of students, enrolled for the duration of the program of study; and

(F) include any other features or information determined to be appropriate by the Secretary.

(3) AVAILABILITY AND COMPARISON.—The multi-year tuition calculator described in paragraph (1) shall be available on the **[(College Navigator)] College Scorecard** website and shall allow current and prospective students, families of such students,

and consumers to compare information and estimates under this subsection for multiple institutions of higher education.

(4) **DISCLAIMER.**—Each calculation of estimated tuition and fees made using the multi-year tuition calculator described in paragraph (1) shall be accompanied by a clear and conspicuous notice—

(A) stating that the calculation—

(i) is only an estimate and not a guarantee of the actual amount the student may be charged;

(ii) is not binding on the Secretary, the institution of higher education, or the State; and

(iii) may change, subject to the availability of financial assistance, State appropriations, and other factors;

(B) stating that the student must complete the Free Application for Federal Student Aid described in section 483 in order to be eligible for, and receive, an actual financial aid award that includes Federal grant, loan, or work-study assistance under title IV; and

(C) including a link to the website of the Department that allows students to access the Free Application for Federal Student Aid described in section 483.

[(k)] (e) **STUDENT AID RECIPIENT SURVEY.**—

(1) **SURVEY REQUIRED.**—The Secretary, acting through the Commissioner for Education Statistics, shall conduct, on a State-by-State basis, a survey of recipients of Federal student financial aid under title IV—

(A) to identify the population of students receiving such Federal student financial aid;

(B) to describe the income distribution and other socioeconomic characteristics of recipients of such Federal student financial aid;

(C) to describe the combinations of aid from Federal, State, and private sources received by such recipients from all income categories;

(D) to describe the—

(i) debt burden of such loan recipients, and their capacity to repay their education debts; and

(ii) the impact of such debt burden on the recipients' course of study and post-graduation plans;

(E) to describe the impact of the cost of attendance of postsecondary education in the determination by students of what institution of higher education to attend; and

(F) to describe how the costs of textbooks and other instructional materials affect the costs of postsecondary education for students.

(2) **FREQUENCY.**—The survey shall be conducted on a regular cycle and not less often than once every four years.

(3) **SURVEY DESIGN.**—The survey shall be representative of students from all types of institutions, including full-time and part-time students, undergraduate, graduate, and professional students, and current and former students.

(4) **DISSEMINATION.**—The Commissioner for Education Statistics shall disseminate to the public, in printed and electronic form, the information resulting from the survey.

(f) **POSTSECONDARY STUDENT DATA SYSTEM.**—

(1) *IN GENERAL.*—

(A) *ESTABLISHMENT OF SYSTEM.*—Not later than 3 years after the date of enactment of the College Cost Reduction Act, the Commissioner of the National Center for Education Statistics (referred to in this subsection as the “Commissioner”) in consultation with the Director of the Institute of Education Sciences (referred to as “the Director”) shall develop and maintain a secure and privacy-protected postsecondary student-level data system in order to—

- (i) accurately evaluate student enrollment patterns, progression, completion, and postcollegiate outcomes, and higher education costs and financial aid;
- (ii) assist with transparency, institutional improvement, and analysis of Federal aid programs;
- (iii) provide accurate, complete, and customizable information for students and families making decisions about postsecondary education; and
- (iv) to the extent practicable, reduce the reporting burden on institutions of higher education in accordance with section 111 of the College Cost Reduction Act.

(B) *AVOIDING DUPLICATE REPORTING.*—Notwithstanding any other provision of this section, to the extent that another provision of this section requires the same reporting or collection of data that is required under this subsection, an institution of higher education, or the Secretary or Commissioner, shall use the reporting or data required for the postsecondary student data system under this subsection to satisfy both requirements.

(C) *DEVELOPMENT PROCESS.*—In developing the postsecondary student data system described in this subsection, the Commissioner, in consultation with the Director, shall—

- (i) focus on the needs of—
 - (I) users of the data system; and
 - (II) entities, including institutions of higher education, reporting to the data system;
- (ii) take into consideration, to the extent practicable—
 - (I) the guidelines outlined in—
 - (aa) the “United States Web Design Standards” maintained by the General Services Administration; and
 - (bb) the “Digital Services Playbook” and “TechFAR Handbook for Procuring Digital Services Using Agile Processes” of the United States Digital Service; and
 - (II) the relevant successor documents or recommendations of such guidelines;
 - (iii) use modern, relevant privacy- and security-enhancing technology, and enhance and update the data system as necessary to carry out the purpose of this subsection;

(iv) ensure data privacy and security is consistent with any relevant Federal law relating to privacy or data security, including—

(I) the requirements of subchapter II of chapter 35 of title 44, United States Code, specifying security categorization under the Federal Information Processing Standards or any relevant successor of such standards;

(II) security requirements that are consistent with the Federal agency responsibilities in section 3554 of title 44, United States Code, or any relevant successor of such responsibilities; and

(III) security requirements, guidelines, and controls consistent with cybersecurity standards and best practices developed by the National Institute of Standards and Technology, including frameworks, consistent with section 2(c) of the National Institute of Standards and Technology Act (15 U.S.C. 272(c)), or any relevant successor of such frameworks;

(v) follow Federal data minimization practices to ensure only the minimum amount of data is collected to meet the system's goals, in accordance with Federal data minimization standards and guidelines developed by the National Institute of Standards and Technology; and

(vi) provide notice to students outlining the data included in the system and how the data are used.

(D) LIMITATION.—The data system developed under this subsection may only include data with respect to—

(i) students receiving—

(I) Federal financial assistance under title IV of this Act; or

(II) assistance described in section 131(f)(4) administered, sponsored, or supported by the Department of Defense or the Department of Veterans Affairs; and

(ii) participants in a program described in section 116(b)(3)(A)(ii) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3131(b)(3)(A)(ii)).

(2) DATA ELEMENTS.—

(A) IN GENERAL.—Not later than 3 years after the date of enactment of the College Cost Reduction Act, the Commissioner, in consultation with the Postsecondary Student Data System Advisory Committee and the Director, established under subparagraph (B), shall determine—

(i) the data elements to be included in the postsecondary student data system, in accordance with subparagraphs (C) and (D); and

(ii) how to include the data elements required under subparagraph (C), and any additional data elements selected under subparagraph (D), in the postsecondary student data system.

(B) POSTSECONDARY STUDENT DATA SYSTEM ADVISORY COMMITTEE.—

(i) *ESTABLISHMENT.*—Not later than 1 year after the date of enactment of the College Cost Reduction Act, the Commissioner, in consultation with the Director, shall establish a Postsecondary Student Data System Advisory Committee (referred to in this subsection as the “Advisory Committee”), whose members shall include—

(I) the Chief Privacy Officer of the Department or an official of the Department delegated the duties of overseeing data privacy at the Department;

(II) the Chief Security Officer of the Department or an official of the Department delegated the duties of overseeing data security at the Department;

(III) representatives of diverse institutions of higher education, which shall include equal representation between 2-year and 4-year institutions of higher education, and from public, nonprofit, and proprietary institutions of higher education, including minority-serving institutions;

(IV) representatives from State higher education agencies, entities, bodies, or boards;

(V) representatives of postsecondary students;

(VI) representatives from relevant Federal agencies;

(VII) individuals with expertise in data privacy and security;

(VIII) the individual within a State responsible for administering the statewide, longitudinal data system described in section 208 of the Education Sciences Reform Act of 2002 (20 U.S.C. 9607(a)); and

(IX) other stakeholders (including individuals with consumer protection and postsecondary education research).

(ii) *REQUIREMENTS.*—The Commissioner, working with the Director, shall ensure that the Advisory Committee—

(I) adheres to all requirements under chapter 10 of title 5, United States Code (commonly known as the “Federal Advisory Committee Act”);

(II) establishes operating and meeting procedures and guidelines necessary to execute its advisory duties; and

(III) is provided with appropriate staffing and resources to execute its advisory duties.

(C) *REQUIRED DATA ELEMENTS.*—The data elements in the postsecondary student data system shall include the following:

(i) Student-level data elements necessary to calculate the information within the surveys designated by the Commissioner as “student-related surveys” in the Integrated Postsecondary Education Data System (IPEDS), as such surveys are in effect on the day before the date of enactment of the College Cost Reduction Act, except that in the case that collection of such elements would

conflict with the prohibition under subparagraph (F), such elements in conflict with such prohibition shall be included in the aggregate instead of at the student level.

(ii) Student-level data elements reported by institutions in accordance with section 668.408 of title 34, Code of Federal Regulations, as in effect on July 1, 2024.

(iii) Student-level data elements necessary to allow for reporting student enrollment, persistence, progression (including credit accumulation) retention, transfer, completion, and time and credits to credential measures for all credential levels separately (including certificate, associate, baccalaureate, and advanced degree levels), within and across institutions of higher education (including across all categories of institution level, control, and predominant degree awarded). The data elements shall allow for reporting about all such data disaggregated by the following categories:

(I) Enrollment status as a first-time student, recent transfer student, or other nonfirst-time student.

(II) Attendance intensity, whether full-time or part-time.

(III) Credential-seeking status, by credential level (including noncredit-seeking and noncredit credentials).

(IV) Race or ethnicity, in a manner that captures all the racial groups specified in the most recent American Community Survey of the Bureau of the Census.

(V) Age intervals.

(VI) Sex.

(VII) Status as a first generation college student (as defined in section 402A(h)).

(VIII) Economic status.

(IX) Measures related to college readiness, including participation in postsecondary remedial coursework or gateway course completion.

(X) Program of study.

(XI) Status as an online education student, whether exclusively or partially enrolled in online education.

(XII) Military or veteran benefit status (as determined based on receipt of veteran's education benefits, as defined in section 480(c)).

(XIII) Federal Pell Grant recipient status under section 401 and Federal loan recipient status under title IV.

(XIV) Status as a participant in a program described in section 116(b)(3)(A)(ii) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3131(b)(3)(A)(ii)).

(D) REEVALUATION.—Not less than once every 3 years after the implementation of the postsecondary student data

system described in this subsection, the Commissioner, in consultation with the Advisory Committee described in subparagraph (B) and working with the Director, shall report to Congress the data elements included in the postsecondary student data system and recommend any additional data elements to be included in such system.

(E) *PROHIBITIONS.*—The postsecondary student data system shall not include individual health data (including data relating to physical health or mental health), student discipline records or data, elementary and secondary education data, an exact address, course grades, postsecondary entrance examination results, political affiliation, religion, or any other data in the postsecondary student data system not described in this subsection.

(3) *PERIODIC MATCHING WITH OTHER FEDERAL DATA SYSTEMS.*—

(A) *DATA SHARING AGREEMENTS.*—

(i) *IN GENERAL.*—The Commissioner, in consultation with the Director, shall ensure secure and privacy-protected periodic data matches by entering into data sharing agreements with each of the following Federal agencies and offices:

(I) The Secretary of the Treasury and the Commissioner of the Internal Revenue Service, in order to calculate aggregate program- and institution-level earnings of postsecondary students described in subparagraph (B)(ii).

(II) The Secretary of Defense, in order to assess the use of postsecondary educational benefits and the outcomes of servicemembers who are receiving veteran's education benefits (as defined in section 480(c)).

(III) The Secretary of Veterans Affairs, in order to assess the use of postsecondary educational benefits and outcomes of veterans who are receiving veteran's education benefits (as defined in section 480(c)).

(IV) The Director of the Bureau of the Census, in order to assess the employment outcomes of former postsecondary education students described in paragraph (1)(D).

(V) The Chief Operating Officer of the Office of Federal Student Aid, in order to analyze the use of postsecondary educational benefits provided under this Act.

(VI) The Commissioner of the Social Security Administration, in order to evaluate labor market outcomes of former postsecondary education students described in paragraph (1)(D).

(VII) The Secretary of Health and Human Services, in order to evaluate the wages of former postsecondary education students described in paragraph (1)(D).

(ii) *DATA SHARING AGREEMENTS.*—The heads of Federal agencies and offices described under clause (i)

shall enter into data sharing agreements with the Commissioner to ensure secure and privacy-protected periodic data matches as described in this paragraph.

(B) CATEGORIES OF DATA.—The Commissioner, in consultation with the Director, shall, at a minimum, seek to ensure that the secure and privacy-protected periodic data matches described in subparagraph (A) permit consistent reporting of the following categories of data for students described in paragraph (1)(D) who completed a program of study and who did not complete a program of study:

(i) Enrollment, retention, transfer, and completion outcomes.

(ii) Financial indicators for postsecondary students receiving Federal grants and loans, including grant and loan aid by source, cumulative student debt, loan repayment status, and repayment plan.

(iii) Post-completion outcomes, including earnings and employment (including industry, occupation, and location of employment, and further education, by program of study and credential level) and as measured at time intervals appropriate to the credential sought and earned.

(C) PERIODIC DATA MATCH STREAMLINING AND CONFIDENTIALITY.—

(i) STREAMLINING.—In carrying out the secure and privacy-protected periodic data matches under this paragraph, the Commissioner shall—

(I) ensure that such matches are not continuous, but occur only periodically at appropriate intervals, as determined by the Commissioner to meet the goals of subparagraph (A); and

(II) seek to—

(aa) streamline the data collection and reporting requirements for institutions of higher education;

(bb) minimize duplicative reporting across or within Federal agencies or departments, including reporting requirements applicable to institutions of higher education under the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) and the Carl D. Perkins Career and Technical Education Act of 2006;

(cc) protect student privacy; and

(dd) streamline the application process for student loan benefit programs available to borrowers based on data available from different Federal data systems.

(ii) REVIEW.—Not less often than once every 3 years after the establishment of the postsecondary student data system under this subsection, the Commissioner, in consultation with the Advisory Committee and the Director, shall review methods for streamlining data collection from institutions of higher education and minimizing duplicative reporting within the Depart-

ment and across Federal agencies that provide data for the postsecondary student data system.

(iii) *CONFIDENTIALITY.*—The Commissioner shall ensure that any periodic matching or sharing of data through periodic data system matches established in accordance with this paragraph—

(I) complies with the security and privacy protections described in paragraph (1)(C)(iv) and other Federal data protection protocols;

(II) follows industry best practices commensurate with the sensitivity of specific data elements or metrics;

(III) does not result in the creation of a single standing, linked Federal database at the Department that maintains the information reported across other Federal agencies; and

(IV) discloses to postsecondary students what data are included in the data system and periodically matched and how the data are used.

(iv) *CORRECTION.*—The Commissioner, in consultation with the Advisory Committee and Director, shall establish a process for students to request access to only their personal information for inspection and request corrections to inaccuracies in a manner that protects the student's personally identifiable information. The Commissioner shall respond in writing to every request for a correction from a student.

(4) *PUBLICLY AVAILABLE INFORMATION.*—

(A) *IN GENERAL.*—The Commissioner shall make the summary aggregate information described in subparagraph (C), at a minimum, publicly available through a user-friendly consumer information website and analytic tool for institutional and research use that—

(i) provides appropriate mechanisms for users to customize and filter information by institutional and student characteristics;

(ii) allows users to build summary aggregate reports of information, including reports that allow comparisons across multiple institutions and programs, subject to subparagraph (B);

(iii) uses appropriate statistical disclosure limitation techniques necessary to ensure that the data released to the public cannot be used to identify specific individuals; and

(iv) provides users with appropriate contextual factors to make comparisons, which may include national median figures of the summary aggregate information described in subparagraph (C).

(B) *NO PERSONALLY IDENTIFIABLE INFORMATION AVAILABLE.*—The summary aggregate information described in this paragraph shall not include personally identifiable information.

(C) *SUMMARY AGGREGATE INFORMATION AVAILABLE.*—The summary aggregate information described in this para-

graph shall, at a minimum, include each of the following for each institution of higher education:

- (i) Measures of student access, including—
 - (I) admissions selectivity and yield; and
 - (II) enrollment, disaggregated by each category described in paragraph (2)(C)(iii).
 - (ii) Measures of student progression, including retention rates and persistence rates, disaggregated by each category described in paragraph (2)(C)(iii).
 - (iii) Measures of student completion, including—
 - (I) transfer rates and outcomes, completion rates, and time and credits to credential, disaggregated by each category described in paragraph (2)(C)(iii); and
 - (II) number of completions, disaggregated by each category described in paragraph (2)(C)(iii).
 - (iv) Measures of student costs, including—
 - (I) tuition, required fees, cost of attendance, grants and scholarships, net price, and unmet need disaggregated by in-State tuition or in-district tuition status (if applicable), direct and indirect costs, program of study (if applicable), and credential level; and
 - (II) typical grant amounts and loan amounts received by students reported separately from Federal, State, local, institutional, employers, and other sources, and cumulative debt, disaggregated by—
 - (aa) each category described in paragraph (2)(C)(iii); and
 - (bb) completion status.
 - (v) Measures of postcollegiate student outcomes, including return on investment, employment rates, earnings, loan repayment and default rates, and further education rates. These measures shall—
 - (I) be disaggregated by—
 - (aa) each category described in paragraph (2)(C)(iii); and
 - (bb) completion status; and
 - (II) be measured immediately after leaving post-secondary education and at time intervals appropriate to the credential sought or earned.
- (D) DEVELOPMENT CRITERIA.—In developing the method and format of making the information described in this paragraph publicly available, the Commissioner shall—
- (i) focus on the needs of the users of the information, which will include students, families of students, potential students, researchers, and other consumers of education data;
 - (ii) take into consideration, to the extent practicable, the guidelines described in paragraph (1)(C)(ii)(I), and relevant successor documents or recommendations of such guidelines;
 - (iii) use modern, relevant technology and enhance and update the postsecondary student data system with

information, as necessary to carry out the purpose of this paragraph;

(iv) ensure data privacy and security in accordance with standards and guidelines developed by the National Institute of Standards and Technology, and in accordance with any other Federal law relating to privacy or security, including complying with the requirements of subchapter II of chapter 35 of title 44, United States Code, specifying security categorization under the Federal Information Processing Standards, and security requirements, and setting of National Institute of Standards and Technology security baseline controls at the appropriate level; and

(v) conduct consumer testing to determine how to make the information as meaningful to users as possible.

(5) **PERMISSIBLE DISCLOSURES OF DATA.**—

(A) **DATA REPORTS AND QUERIES.**—

(i) **IN GENERAL.**—Not later than 3 years after the date of enactment of the College Cost Reduction Act, the Commissioner in consultation with the Director, shall develop and implement a secure and privacy-protected process for making student-level, nonpersonally identifiable information, with direct identifiers removed, from the postsecondary student data system available for vetted research and evaluation purposes approved by the Commissioner in a manner compatible with practices for disclosing National Center for Education Statistics restricted-use survey data as in effect on the day before the date of enactment of the College Cost Reduction Act, or by applying other research and disclosure restrictions to ensure data privacy and security. Such process shall be approved by the National Center for Education Statistics' Disclosure Review Board (or successor body).

(ii) **PROVIDING DATA REPORTS AND QUERIES TO INSTITUTIONS AND STATES.**—

(I) **IN GENERAL.**—The Commissioner shall provide feedback reports, at least annually, to each institution of higher education, each postsecondary education system that fully participates in the postsecondary student data system, and each State higher education body as designated by the governor.

(II) **FEEDBACK REPORTS.**—The feedback reports provided under this clause shall include program-level and institution-level information from the postsecondary student data system regarding students who are associated with the institution or, for State representatives, the institutions within that State, on or before the date of the report, on measures including student mobility (including transfer and completion rates) and workforce outcomes, provided that the feedback aggregate summary reports protect the privacy of individuals.

(III) *DETERMINATION OF CONTENT.*—The content of the feedback reports shall be determined by the Commissioner in consultation with the Advisory Committee and the Director.

(iii) *PERMITTING STATE DATA QUERIES.*—The Commissioner shall, in consultation with the Advisory Committee and as soon as practicable, create a process through which States may submit lists of secondary school graduates within the State to receive summary aggregate outcomes for those students who enrolled at an institution of higher education, including postsecondary enrollment, retention and transfer, and college completion, provided that those data protect the privacy of individuals and that the State data submitted to the Commissioner are not stored in the postsecondary education system.

(iv) *REGULATIONS.*—The Commissioner shall promulgate regulations to ensure fair, secure and privacy-protected, and equitable access to data reports and queries under this paragraph.

(B) *DISCLOSURE LIMITATIONS.*—In carrying out the public reporting and disclosure requirements of this subsection, the Commissioner shall use appropriate statistical disclosure limitation techniques necessary to ensure that the data released to the public cannot include personally identifiable information or be used to identify specific individuals.

(C) *SALE OF DATA PROHIBITED.*—Data collected under this subsection, including the public-use data set and data comprising the summary aggregate information available under paragraph (4), shall not be sold to any third party by the Commissioner, including any institution of higher education or any other entity.

(D) *LIMITATION ON USE BY OTHER FEDERAL AGENCIES.*—

(i) *IN GENERAL.*—The Commissioner shall not allow any other Federal agency to use data collected under this subsection for any purpose except—

(I) for vetted research and evaluation conducted by the other Federal agency, as described in subparagraph (A)(i); or

(II) for a purpose explicitly authorized by an Act of Congress.

(ii) *PROHIBITION ON LIMITATION OF SERVICES.*—The Secretary, or the head of any other Federal agency, shall not use data collected under this subsection to limit services to students.

(E) *LAW ENFORCEMENT.*—Personally identifiable information collected under this subsection shall not be used for any Federal, State, or local law enforcement activity or any other activity that would result in adverse action against any student or a student's family.

(F) *LIMITATION OF USE FOR FEDERAL RANKINGS OR SUMMATIVE RATING SYSTEM.*—The comprehensive data collection and analysis necessary for the postsecondary student data system under this subsection shall not be used by the Secretary or any Federal entity to establish any Federal

ranking system of institutions of higher education or a system that results in a summative Federal rating of institutions of higher education.

(G) *RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to prevent the use of individual categories of aggregate information to be used for accountability purposes.*

(H) *RULE OF CONSTRUCTION REGARDING COMMERCIAL USE OF DATA.—Nothing in this paragraph shall be construed to prohibit third-party entities from using publicly available information in this data system for commercial use.*

(6) *SUBMISSION OF DATA.—*

(A) *REQUIRED SUBMISSION.—Each institution of higher education participating in a program under title IV, or the assigned agent of such institution, shall, for each instructional program, and in accordance with section 487(a)(17), collect, and submit to the Commissioner, the data requested by the Commissioner to carry out this subsection.*

(B) *VOLUNTARY SUBMISSION.—Any institution of higher education not participating in a program under title IV may voluntarily participate in the postsecondary student data system under this subsection by collecting and submitting data to the Commissioner, as the Commissioner may request to carry out this subsection.*

(C) *PERSONALLY IDENTIFIABLE INFORMATION.—In accordance with paragraph (2)(C)(i), if the submission of an element of student-level data is prohibited under paragraph (2)(F) (or otherwise prohibited by law), the institution of higher education shall submit that data to the Commissioner in the aggregate.*

(7) *UNLAWFUL WILLFUL DISCLOSURE.—*

(A) *IN GENERAL.—It shall be unlawful for any person who obtains or has access to personally identifiable information in connection with the postsecondary student data system described in this subsection to willfully disclose to any person (except as authorized in this Act or by any Federal law) such personally identifiable information.*

(B) *PENALTY.—Any person who violates subparagraph (A) shall be subject to a penalty described under section 3572(f) of title 44, United States Code, and section 183(d)(6) of the Education Sciences Reform Act of 2002 (20 U.S.C. 9573(d)(6)).*

(C) *EMPLOYEE OF OFFICER OF THE UNITED STATES.—If a violation of subparagraph (A) is committed by any officer or employee of the United States, the officer or employee shall be dismissed from office or discharged from employment upon conviction for the violation.*

(8) *DATA SECURITY.—The Commissioner shall produce and update as needed guidance and regulations relating to privacy, security, and access which shall govern the use and disclosure of data collected in connection with the activities authorized in this subsection. The guidance and regulations developed and reviewed shall protect data from unauthorized access, use, and disclosure, and shall include—*

(A) an audit capability, including mandatory and regularly conducted audits;

(B) access controls;

(C) requirements to ensure sufficient data security, quality, validity, and reliability;

(D) confidentiality protection in accordance with the applicable provisions of subchapter III of chapter 35 of title 44, United States Code;

(E) appropriate and applicable privacy and security protection, including data retention and destruction protocols and data minimization, in accordance with the most recent Federal standards developed by the National Institute of Standards and Technology; and

(F) protocols for managing a breach, including breach notifications, in accordance with the standards of National Center for Education Statistics.

(9) **DATA COLLECTION.**—The Commissioner shall ensure that data collection, maintenance, and use under this subsection complies with section 552a of title 5, United States Code.

(10) **DEFINITIONS.**—In this subsection:

(A) **INSTITUTION OF HIGHER EDUCATION.**—The term “institution of higher education” has the meaning given the term in section 102.

(B) **MINORITY-SERVING INSTITUTION.**—The term “minority-serving institution” means an institution of higher education listed in section 371(a).

(C) **PERSONALLY IDENTIFIABLE INFORMATION.**—The term “personally identifiable information” means personally identifiable information within the meaning of section 444 of the General Education Provisions Act.

[(1)] (g) **REGULATIONS.**—The Secretary is authorized to issue such regulations as may be necessary to carry out this section.

* * * * *

SEC. 134. DATABASE OF STUDENT INFORMATION PROHIBITED.

(a) **PROHIBITION.**—Except as described in subsection (b), nothing in this Act shall be construed to authorize the development, implementation, or maintenance of a Federal database of personally identifiable information on individuals receiving assistance under this Act, attending institutions receiving assistance under this Act, or otherwise involved in any studies or other collections of data under this Act, including a student unit record system, an education bar code system, or any other system that tracks individual students over time.

[(b) **EXCEPTION.**—The provisions of subsection (a) shall not apply to a system (or a successor system) that—

[(1) is necessary for the operation of programs authorized by title II, IV, or VII; and

[(2) was in use by the Secretary, directly or through a contractor, as of the day before the date of enactment of the Higher Education Opportunity Act.]]

(b) **EXCEPTION.**—The provisions of subsection (a) shall not apply to a system (or a successor system)—

(1) that—

(A) is necessary for the operation of programs authorized by title II, IV, or VII; and

(B) was in use by the Secretary, directly or through a contractor, as of the day before the date of enactment of the College Cost Reduction Act; or

(2) required under section 132.

(c) STATE DATABASES.—Nothing in this Act shall prohibit a State or a consortium of States from developing, implementing, or maintaining State-developed databases that track individuals over time, including student unit record systems that contain information related to enrollment, attendance, graduation and retention rates, student financial assistance, and graduate employment outcomes.

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PART D—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

* * * * *

SEC. 142. PROCUREMENT FLEXIBILITY.

(a) PROCUREMENT AUTHORITY.—Subject to the authority of the Secretary, the Chief Operating Officer of a PBO may exercise the authority of the Secretary to procure property and services in the performance of functions managed by the PBO. For the purposes of this section, the term “PBO” includes the Chief Operating Officer of the PBO and any employee of the PBO exercising procurement authority under the preceding sentence.

(b) IN GENERAL.—Except as provided in this section, the PBO shall abide by all applicable Federal procurement laws and regulations when procuring property and services. The PBO shall—

(1) enter into contracts to carry out the functions set forth in section 141(b)(2);

(2) obtain the services of experts and consultants without regard to section 3109 of title 5, United States Code and set pay in accordance with such section; and

(3) through the Chief Operating Officer—

(A) to the maximum extent practicable, utilize procurement systems that streamline operations, improve internal controls, and enhance management; and

(B) assess the efficiency of such systems and assess such systems’ ability to meet PBO requirements.

(c) SERVICE CONTRACTS.—

(1) PERFORMANCE-BASED SERVICING CONTRACTS.—The Chief Operating Officer shall, to the extent practicable, maximize the use of performance-based servicing contracts, consistent with guidelines for such contracts published by the Office of Federal Procurement Policy, to achieve cost savings and improve service.

(2) FEE FOR SERVICE ARRANGEMENTS.—The Chief Operating Officer shall, when appropriate and consistent with the purposes of the PBO, acquire services related to the functions set forth in section 141(b)(2) from any entity that has the capability and capacity to meet the requirements set by the PBO. The Chief Operating Officer is authorized to pay fees that are

equivalent to those paid by other entities to an organization that provides services that meet the requirements of the PBO, as determined by the Chief Operating Officer.

(d) TWO-PHASE SOURCE-SELECTION PROCEDURES.—

(1) IN GENERAL.—The PBO may use a two-phase process for selecting a source for a procurement of property or services.

(2) FIRST PHASE.—The procedures for the first phase of the process for a procurement are as follows:

(A) PUBLICATION OF NOTICE.—The contracting officer for the procurement shall publish a notice of the procurement in accordance with section 18 of the Office of Federal Procurement Policy Act (41 U.S.C. 416) and subsections (e), (f), and (g) of section 8 of the Small Business Act (15 U.S.C. 637), except that the notice shall include only the following:

(i) A general description of the scope or purpose of the procurement that provides sufficient information on the scope or purpose for sources to make informed business decisions regarding whether to participate in the procurement.

(ii) A description of the basis on which potential sources are to be selected to submit offers in the second phase.

(iii) A description of the information that is to be required under subparagraph (B).

(iv) Any additional information that the contracting officer determines appropriate.

(B) INFORMATION SUBMITTED BY OFFERORS.—Each offeror for the procurement shall submit basic information, such as information on the offeror's qualifications, the proposed conceptual approach, costs likely to be associated with the proposed conceptual approach, and past performance of the offeror, together with any additional information that is requested by the contracting officer.

(C) SELECTION FOR SECOND PHASE.—The contracting officer shall select the offerors that are to be eligible to participate in the second phase of the process. The contracting officer shall limit the number of the selected offerors to the number of sources that the contracting officer determines is appropriate and in the best interests of the Federal Government.

(3) SECOND PHASE.—

(A) IN GENERAL.—The contracting officer shall conduct the second phase of the source selection process in accordance with sections 303A and 303B of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253a and 253b).

(B) ELIGIBLE PARTICIPANTS.—Only the sources selected in the first phase of the process shall be eligible to participate in the second phase.

(C) SINGLE OR MULTIPLE PROCUREMENTS.—The second phase may include a single procurement or multiple procurements within the scope, or for the purpose, described in the notice pursuant to paragraph (2)(A).

(4) PROCEDURES CONSIDERED COMPETITIVE.—The procedures used for selecting a source for a procurement under this subsection shall be considered competitive procedures for all purposes.

(e) USE OF SIMPLIFIED PROCEDURES FOR COMMERCIAL PRODUCTS AND COMMERCIAL SERVICES.—Whenever the PBO anticipates that commercial products or commercial services will be offered for a procurement, the PBO may use (consistent with the special rules for commercial products and commercial services) the special simplified procedures for the procurement without regard to any dollar limitation otherwise applicable to the use of those procedures.

(f) FLEXIBLE WAIT PERIODS AND DEADLINES FOR SUBMISSION OF OFFERS OF NONCOMMERCIAL PRODUCTS AND SERVICES.—

(1) AUTHORITY.—In carrying out a procurement, the PBO may—

(A) apply a shorter waiting period for the issuance of a solicitation after the publication of a notice under section 18 of the Office of Federal Procurement Policy Act (41 U.S.C. 416) than is required under subsection (a)(3)(A) of such section; and

(B) notwithstanding subsection (a)(3) of such section, establish any deadline for the submission of bids or proposals that affords potential offerors a reasonable opportunity to respond to the solicitation.

(2) INAPPLICABILITY TO COMMERCIAL PRODUCTS AND SERVICES.—Paragraph (1) does not apply to a procurement of a commercial product or a commercial service.

(3) CONSISTENCY WITH APPLICABLE INTERNATIONAL AGREEMENTS.—If an international agreement is applicable to the procurement, any exercise of authority under paragraph (1) shall be consistent with the international agreement.

(g) MODULAR CONTRACTING.—

(1) IN GENERAL.—The PBO may satisfy the requirements of the PBO for a system incrementally by carrying out successive procurements of modules of the system. In doing so, the PBO may use procedures authorized under this subsection to procure any such module after the first module.

(2) UTILITY REQUIREMENT.—A module may not be procured for a system under this subsection unless the module is useful independently of the other modules or useful in combination with another module previously procured for the system.

(3) CONDITIONS FOR USE OF AUTHORITY.—The PBO may use procedures authorized under paragraph (4) for the procurement of an additional module for a system if—

(A) competitive procedures were used for awarding the contract for the procurement of the first module for the system; and

(B) the solicitation for the first module included—

(i) a general description of the entire system that was sufficient to provide potential offerors with reasonable notice of the general scope of future modules;

(ii) other information sufficient for potential offerors to make informed business judgments regarding whether to submit offers for the contract for the first module; and

(iii) a statement that procedures authorized under this subsection could be used for awarding subsequent contracts for the procurement of additional modules for the system.

(4) PROCEDURES.—If the procurement of the first module for a system meets the requirements set forth in paragraph (3), the PBO may award a contract for the procurement of an additional module for the system using any of the following procedures:

(A) SINGLE-SOURCE BASIS.—Award of the contract on a single-source basis to a contractor who was awarded a contract for a module previously procured for the system under competitive procedures or procedures authorized under subparagraph (B).

(B) ADEQUATE COMPETITION.—Award of the contract on the basis of offers made by—

(i) a contractor who was awarded a contract for a module previously procured for the system after having been selected for award of the contract under this subparagraph or other competitive procedures; and

(ii) at least one other offeror that submitted an offer for a module previously procured for the system and is expected, on the basis of the offer for the previously procured module, to submit a competitive offer for the additional module.

(C) OTHER.—Award of the contract under any other procedure authorized by law.

(5) NOTICE REQUIREMENT.—

(A) PUBLICATION.—Not less than 30 days before issuing a solicitation for offers for a contract for a module for a system under procedures authorized under subparagraph (A) or (B) of paragraph (4), the PBO shall publish in the Commerce Business Daily a notice of the intent to use such procedures to enter into the contract.

(B) EXCEPTION.—Publication of a notice is not required under this paragraph with respect to a use of procedures authorized under paragraph (4) if the contractor referred to in that subparagraph (who is to be solicited to submit an offer) has previously provided a module for the system under a contract that contained cost, schedule, and performance goals and the contractor met those goals.

(C) CONTENT OF NOTICE.—A notice published under subparagraph (A) with respect to a use of procedures described in paragraph (4) shall contain the information required under section 18(b) of the Office of Federal Procurement Policy Act (41 U.S.C. 416(b)), other than paragraph (4) of such section, and shall invite the submission of any assertion that the use of the procedures for the procurement involved is not in the best interest of the Federal Government together with information supporting the assertion.

(6) DOCUMENTATION.—The basis for an award of a contract under this subsection shall be documented. However, a justification pursuant to section 303(f) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(f)) or

section 8(h) of the Small Business Act (15 U.S.C. 637(h)) is not required.

(7) SIMPLIFIED SOURCE-SELECTION PROCEDURES.—The PBO may award a contract under any other simplified procedures prescribed by the PBO for the selection of sources for the procurement of modules for a system, after the first module, that are not to be procured under a contract awarded on a single-source basis.

(h) USE OF SIMPLIFIED PROCEDURES FOR SMALL BUSINESS SET-ASIDES FOR SERVICES OTHER THAN COMMERCIAL SERVICES.—

(1) AUTHORITY.—The PBO may use special simplified procedures for a procurement of services that are not commercial services if—

(A) the procurement is in an amount not greater than \$1,000,000;

(B) the procurement is conducted as a small business set-aside pursuant to section 15(a) of the Small Business Act (15 U.S.C. 644(a)); and

(C) the price charged for supplies associated with the services procured are items of supply expected to be less than 20 percent of the total contract price.

(2) INAPPLICABILITY TO CERTAIN PROCUREMENTS.—The authority set forth in paragraph (1) may not be used for—

(A) an award of a contract on a single-source basis; or

(B) a contract for construction.

(i) GUIDANCE FOR USE OF AUTHORITY.—

(1) ISSUANCE BY PBO.—The Chief Operating Officer of the PBO, in consultation with the Administrator for Federal Procurement Policy, shall issue guidance for the use by PBO personnel of the authority provided in this section.

(2) GUIDANCE FROM OFPP.—As part of the consultation required under paragraph (1), the Administrator for Federal Procurement Policy shall provide the PBO with guidance that is designed to ensure, to the maximum extent practicable, that the authority under this section is exercised by the PBO in a manner that is consistent with the exercise of the authority by the heads of the other performance-based organizations.

(3) COMPLIANCE WITH OFPP GUIDANCE.—The head of the PBO shall ensure that the procurements of the PBO under this section are carried out in a manner that is consistent with the guidance provided for the PBO under paragraph (2).

(j) LIMITATION ON MULTIAGENCY CONTRACTING.—No department or agency of the Federal Government may purchase property or services under contracts entered into or administered by a PBO under this section unless the purchase is approved in advance by the senior procurement official of that department or agency who is responsible for purchasing by the department or agency.

(k) LAWS NOT AFFECTED.—Nothing in this section shall be construed to waive laws for the enforcement of civil rights or for the establishment and enforcement of labor standards that are applicable to contracts of the Federal Government.

(l) GUIDANCE TO STUDENT LOAN SERVICERS.—

(1) IN GENERAL.—In notifying a student loan servicer of a final contract modification (as such term is defined in section 2.101 of title 48, Code of Federal Regulations) that instructs

such loan servicer to perform a function that is new or different from a function such servicer performs pursuant to an existing contract, the PBO shall, not later than 30 days before such contract change takes effect, provide such servicers with written guidance in the form of—

- (A) a change order (as such term is defined in section 2.101 of title 48, Code of Federal Regulations);*
- (B) a dear colleague letter; or*
- (C) an electronic announcement.*

(2) NON-BINDING DIRECTIVES.—A student loan servicer that is notified of a final contract modification described in paragraph (1) and receives guidance in a form other than a form described in paragraph (1) (including through emails or phone calls) shall not be subject to such contract modification.

[(1)] (m) DEFINITIONS.—In this section:

(1) **COMMERCIAL PRODUCT.**—The term “commercial product” has the meaning given the term in section 103 of title 41, United States Code.

(2) **COMMERCIAL SERVICE.**—The term “commercial service” has the meaning given the term in section 103a of title 41, United States Code.

(3) **COMPETITIVE PROCEDURES.**—The term “competitive procedures” has the meaning given the term in section 152 of title 41, United States Code.

(4) **SINGLE-SOURCE BASIS.**—The term “single-source basis”, with respect to an award of a contract, means that the contract is awarded to a source after soliciting an offer or offers from, and negotiating with, only such source (although such source is not the only source in the marketplace capable of meeting the need) because such source is the most advantageous source for purposes of the award.

(5) **SPECIAL RULES FOR COMMERCIAL PRODUCTS AND COMMERCIAL SERVICES.**—The term “special rules for commercial products and commercial services” means the regulations set forth in the Federal Acquisition Regulation pursuant to sections 1901 and 3305(a) of title 41, United States Code.

(6) **SPECIAL SIMPLIFIED PROCEDURES.**—The term “special simplified procedures” means the procedures applicable to purchases of property and services for amounts not greater than the simplified acquisition threshold that are set forth in the Federal Acquisition Regulation pursuant to sections 1901(a)(1) and 3305(a)(1) of title 41, United States Code.

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TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

SEC. 400. STATEMENT OF PURPOSE; PROGRAM AUTHORIZATION.

(a) **PURPOSE.**—It is the purpose of this part, to assist in making available the benefits of postsecondary education to eligible students (defined in accordance with section 484) in institutions of higher education by—

- (1) providing Federal Pell Grants to all eligible students;

- (2) providing supplemental educational opportunity grants to those students who demonstrate financial need;
 - (3) providing for payments to the States to assist them in making financial aid available to such students;
 - (4) providing for special programs and projects designed (A) to identify and encourage qualified youths with financial or cultural need with a potential for postsecondary education, (B) to prepare students from low-income families for postsecondary education, and (C) to provide remedial (including remedial language study) and other services to students; and
 - (5) providing assistance to institutions of higher education.
- (b) **SECRETARY REQUIRED TO CARRY OUT PURPOSES.**—The Secretary shall, in accordance with subparts 1 through 9, carry out programs to achieve the purposes of this part.

Subpart 1—Federal Pell Grants

* * * * *

[Note: Effective July 1, 2024, section 211 of H.R. 6951 (as reported) provides for an amendment to section 401, as amended by FAFSA Simplification Act. For laws relative to a reference made by this bill to FAFSA Simplification Act, see section 2(b) of H.R. 6951 (as reported). Upon such date, section 401 (as amended by FAFSA Simplification Act and by such section 211 of H.R. 6951 (as reported)) will read as follows:]

SEC. 401. FEDERAL PELL GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS.

(a) **PURPOSE; DEFINITIONS.**—

(1) **PURPOSE.**—The purpose of this subpart is to provide a Federal Pell Grant to low-income students.

(2) **DEFINITIONS.**—In this section—

(A) the term “adjusted gross income” means—

(i) in the case of a dependent student, the adjusted gross income (as defined in section 62 of the Internal Revenue Code of 1986) of the student’s parents in the second tax year preceding the academic year; and

(ii) in the case of an independent student, the adjusted gross income (as defined in section 62 of the Internal Revenue Code of 1986) of the student (and the student’s spouse, if applicable) in the second tax year preceding the academic year;

(B) the term “family size” has the meaning given the term in section 480(k);

(C) the term “poverty line” means the poverty line (as determined under the poverty guidelines updated periodically in the Federal Register by the Department of Health and Human Services under the authority of section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to the student’s family size and applicable to the second tax year preceding the academic year;

(D) the term “single parent” means—

(i) a parent of a dependent student who was a head of household (as defined in section 2(b) of the Internal

Revenue Code of 1986) or a surviving spouse (as defined in section 2(a) of the Internal Revenue Code of 1986) or was an eligible individual for purposes of the credit under section 32 of such Code, in the second tax year preceding the academic year; or

(ii) an independent student who is a parent and was a head of household (as defined in section 2(b) of the Internal Revenue Code of 1986) or a surviving spouse (as defined in section 2(a) of the Internal Revenue Code of 1986) or was an eligible individual for purposes of the credit under section 32 of such Code, in the second tax year preceding the academic year;

(E) the term “total maximum Federal Pell Grant” means the total maximum Federal Pell Grant award per student for any academic year described under subsection (b)(5); and

(F) the term “minimum Federal Pell Grant” means the minimum amount of a Federal Pell Grant that shall be awarded to a student for any academic year in which that student is attending full time, which shall be equal to 10 percent of the total maximum Federal Pell Grant for such academic year.

(b) AMOUNT AND DISTRIBUTION OF GRANTS.—

(1) DETERMINATION OF AMOUNT OF A FEDERAL PELL GRANT.— Subject to paragraphs (2) and (3), the amount of a Federal Pell Grant for a student shall be determined in accordance with the following:

(A) A student shall be eligible for a total maximum Federal Pell Grant for an academic year in which the student is enrolled in an eligible program full time—

(i) if the student (and the student’s spouse, if applicable), or, in the case of a dependent student, the dependent student’s parents (or single parent), is not required to file a Federal income tax return in the second year preceding the academic year;

(ii) if the student or, in the case of a dependent student, the dependent student’s parent, is a single parent, and the adjusted gross income is greater than zero and equal to or less than 225 percent of the poverty line; or

(iii) if the student or, in the case of a dependent student, the dependent student’s parent, is not a single parent, and the adjusted gross income is greater than zero and equal to or less than 175 percent of the poverty line.

(B) A student who is not eligible for a total maximum Federal Pell Grant under subparagraph (A) for an academic year, shall be eligible for a Federal Pell Grant for an academic year in which the student is enrolled in an eligible program full time if such student’s student aid index in such award year is less than the total maximum Federal Pell Grant for that award year. The amount of the Federal Pell Grant for a student eligible under this subparagraph shall be—

(i) the total maximum Federal Pell Grant as calculated under paragraph (5)(A) for that year, less

(ii) an amount equal to the amount determined to be the student aid index with respect to that student for that year, except that a student aid index of less than zero shall be considered to be zero for the purposes of this clause,

rounded to the nearest \$5, except that a student eligible for less than the minimum Federal Pell Grant as defined in section (a)(2)(F) shall not be eligible for an award.

(C) A student who is not eligible for a Federal Pell Grant under subparagraph (A) or (B) shall be eligible for the minimum Federal Pell Grant for an academic year in which the student is enrolled in an eligible program full time—

(i) in the case of a dependent student—

(I) if the student's parent is a single parent, and the adjusted gross income is equal to or less than 325 percent of the poverty line; or

(II) if the student's parent is not a single parent, and the adjusted gross income is equal to or less than 275 percent of the poverty line; or

(ii) in the case of an independent student—

(I) if the student is a single parent, and the adjusted gross income is equal to or less than 400 percent of the poverty line;

(II) if the student is a parent and is not a single parent, and the adjusted gross income is equal to or less than 350 percent of the poverty line; or

(III) if the student is not a parent, and the adjusted gross income is equal to or less than 275 percent of the poverty line.

(D) A student eligible for the total maximum Federal Pell Grant under subparagraph (A) who has (or whose spouse or parent, as applicable based on whose information is used under such subparagraph, has) foreign income that would, if added to adjusted gross income, result in the student no longer being eligible for such total maximum Federal Pell Grant, shall not be provided a Federal Pell Grant until the student aid administrator evaluates the student's FAFSA and makes a determination regarding whether it is appropriate to make an adjustment under section 479A(b)(1)(B)(v) to account for such foreign income when determining the student's eligibility for such total maximum Federal Pell Grant.

(E) With respect to a student who is not eligible for the total maximum Federal Pell Grant under subparagraph (A) or a minimum Federal Pell Grant under subparagraph (C), the Secretary shall subtract from the student or parents' adjusted gross income, as applicable based on whose income is used for the Federal Pell Grant calculation, the sum of the following for the individual whose income is so used, and consider such difference the adjusted gross income for purposes of determining the student's eligibility

for such Federal Pell Grant award under such subparagraph:

(i) If the applicant, or, if applicable, the parents or spouse of the applicant, elects to report receiving college grant and scholarship aid included in gross income on a Federal tax return described in section 480(e)(2), the amount of such aid.

(ii) Income earned from work under part C of this title.

(2) **LESS THAN FULL-TIME ENROLLMENT.**—In any case where a student is enrolled in an eligible program of an institution of higher education on less than a full-time basis (including a student who attends an institution of higher education on less than a half-time basis) during any academic year, the amount of the Federal Pell Grant to which that student is entitled shall be reduced in direct proportion to the degree to which that student is not so enrolled on a full-time basis, rounded to the nearest whole percentage point, as provided in a schedule of reductions published by the Secretary computed in accordance with this subpart. Such schedule of reductions shall be published in the Federal Register in accordance with section 482. Such reduced Federal Pell Grant for a student enrolled on a less than full-time basis shall also apply proportionally to students who are otherwise eligible to receive the minimum Federal Pell Grant, if enrolled full-time.

【(3) **AWARD MAY NOT EXCEED COST OF ATTENDANCE.**—No Federal Pell Grant under this subpart shall exceed the cost of attendance (as defined in section 472) at the institution at which that student is in attendance. If, with respect to any student, it is determined that the amount of a Federal Pell Grant for that student exceeds the cost of attendance for that year, the amount of the Federal Pell Grant shall be reduced until the Federal Pell Grant does not exceed the cost of attendance at such institution.】

(3) AWARD MAY NOT EXCEED MEDIAN COST OF COLLEGE.—*With respect to award year 2025–2026 and each succeeding award year, no Federal Pell Grant under this subpart shall exceed the median cost of college (as defined in section 472A) for the program at which that student is in attendance. If, with respect to any student, it is determined that the amount of a Federal Pell Grant for that student exceeds the median cost of college for such program for that year, the amount of the Federal Pell Grant shall be reduced until the Federal Pell Grant does not exceed the median cost of college for such program for that year.*

(4) **STUDY ABROAD.**—Notwithstanding any other provision of this subpart, the Secretary shall allow the amount of the Federal Pell Grant to be exceeded for students participating in a program of study abroad approved for credit by the institution at which the student is enrolled when the reasonable costs of such program are greater than the cost of attendance at the student's home institution, except that the amount of such Federal Pell Grant in any fiscal year shall not exceed the maximum amount of a Federal Pell Grant for which a student is eligible under paragraph (1) or (2) during such award year. If the preceding sentence applies, the financial aid administrator

at the home institution may use the cost of the study abroad program, rather than the home institution's cost, to determine the cost of attendance of the student.

(5) TOTAL MAXIMUM FEDERAL PELL GRANT.—

(A) IN GENERAL.—For award year 2024–2025, and each subsequent award year, the total maximum Federal Pell Grant award per student shall be equal to the sum of—

(i) \$1,060; and

(ii) the amount specified as the maximum Federal Pell Grant in the last enacted appropriation Act applicable to that award year.

(B) ROUNDING.—The total maximum Federal Pell Grant for any award year shall be rounded to the nearest \$5.

(6) FUNDS BY FISCAL YEAR.—

(A) IN GENERAL.—To carry out this section—

(i) there are authorized to be appropriated and are appropriated (in addition to any other amounts appropriated to carry out this section and out of any money in the Treasury not otherwise appropriated) such sums as are necessary to carry out paragraph (5)(A)(i) for fiscal year 2024 and each subsequent fiscal year; and

(ii) such sums as may be necessary are authorized to be appropriated to carry out paragraph (5)(A)(ii) for each of the fiscal years 2024 through 2034.

(B) AVAILABILITY OF FUNDS.—The amounts made available by subparagraph (A) for any fiscal year shall be available beginning on October 1 of that fiscal year, and shall remain available through September 30 of the succeeding fiscal year.

(7) APPROPRIATION.—

(A) IN GENERAL.—In addition to any funds appropriated under paragraph (6) and any funds made available for this section under any appropriations Act, there are authorized to be appropriated, and there are appropriated (out of any money in the Treasury not otherwise appropriated) to carry out this section, \$1,170,000,000 for fiscal year 2023 and each subsequent award year.

(B) NO EFFECT ON PREVIOUS APPROPRIATIONS.—The amendments made to this section by the FAFSA Simplification Act shall not—

(i) increase or decrease the amounts that have been appropriated or are available to carry out this section for fiscal year 2017, 2018, 2019, 2020, 2021, 2022, or 2023 as of the day before the effective date of such Act; or

(ii) extend the period of availability for obligation that applied to any such amount, as of the day before such effective date.

(C) AVAILABILITY OF FUNDS.—The amounts made available by this paragraph for any fiscal year shall be available beginning on October 1 of that fiscal year, and shall remain available through September 30 of the succeeding fiscal year.

(8) METHOD OF DISTRIBUTION.—

(A) IN GENERAL.—For each fiscal year through fiscal year 2034, the Secretary shall pay to each eligible institution such sums as may be necessary to pay each eligible student for each academic year during which that student is in attendance at an institution of higher education as an undergraduate, a Federal Pell Grant in the amount for which that student is eligible.

(B) ALTERNATIVE DISBURSEMENT.—Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to students, in advance of the beginning of the academic term, an amount for which they are eligible, in the cases where an eligible institution does not participate in the disbursement system under subparagraph (A).

(9) ADDITIONAL PAYMENT PERIODS IN SAME AWARD YEAR.—

(A) Effective in the 2017–2018 award year and thereafter, the Secretary shall award an eligible student not more than one and one-half Federal Pell Grants during a single award year to permit such student to work toward completion of an eligible program if, during that single award year, the student has received a Federal Pell Grant for an award year and is enrolled in an eligible program for one or more additional payment periods during the same award year that are not otherwise fully covered by the student's Federal Pell Grant.

(B) In the case of a student receiving more than one Federal Pell Grant in a single award year under subparagraph (A), the total amount of Federal Pell Grants awarded to such student for the award year may exceed the total maximum Federal Pell Grant available for an award year.

(C) Any period of study covered by a Federal Pell Grant awarded under subparagraph (A) shall be included in determining a student's duration limit under subsection (d)(5).

(D) In any case where an eligible student is receiving a Federal Pell Grant for a payment period that spans 2 award years, the Secretary shall allow the eligible institution in which the student is enrolled to determine the award year to which the additional period shall be assigned, as it determines is most beneficial to students.

(c) SPECIAL RULE.—

(1) IN GENERAL.—A student described in paragraph (2) shall be eligible for the total maximum Federal Pell Grant.

(2) APPLICABILITY.—Paragraph (1) shall apply to any dependent or independent student—

(A) whose parent or guardian was—

(i) an individual who, on or after September 11, 2001, died in the line of duty while serving on active duty as a member of the Armed Forces; or

(ii) actively serving as a public safety officer and died in the line of duty while performing as a public safety officer; and

(B) who is less than 33 years of age.

(3) INFORMATION.—Notwithstanding any other provision of law—

(A) the Secretary shall establish the necessary data-sharing agreements with the Secretary of Veterans Affairs and the Secretary of Defense, as applicable, to provide the information necessary to determine which students meet the requirements of paragraph (2)(A)(i); and

(B) the financial aid administrator shall verify with the student that the student is eligible for the adjustment and notify the Secretary of the adjustment of the student's eligibility.

(4) TREATMENT OF PELL AMOUNT.—Notwithstanding section 1212 of the Omnibus Crime Control and Safe Streets Act of 1968 (34 U.S.C. 10302), in the case of a student who receives an increased Federal Pell Grant amount under this section, the total amount of such Federal Pell Grant, including the increase under this subsection, shall not be considered in calculating that student's educational assistance benefits under the Public Safety Officers' Benefits program under subpart 2 of part L of title I of such Act.

(5) PREVENTION OF DOUBLE BENEFITS.—No eligible student described in paragraph (2) may concurrently receive a grant under both this subsection and subsection (b).

(6) TERMS AND CONDITIONS.—The Secretary shall award grants under this subsection in the same manner and with the same terms and conditions, including the length of the period of eligibility, as the Secretary awards Federal Pell Grants under subsection (b), except that—

(A) the award rules and determination of need applicable to the calculation of Federal Pell Grants under subsection (b)(1) shall not apply to grants made under this subsection; and

(B) the maximum period determined under subsection (d)(5) shall be determined by including all grants made under this section received by the eligible student and all grants so received under subpart 10 before the effective date of this subsection.

(7) DEFINITION OF PUBLIC SAFETY OFFICER.—For purposes of this subsection, the term “public safety officer” means—

(A) a public safety officer, as defined in section 1204 of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (34 U.S.C. 10284); or

(B) a fire police officer, defined as an individual who—

(i) is serving in accordance with State or local law as an officially recognized or designated member of a legally organized public safety agency;

(ii) is not a law enforcement officer, a firefighter, a chaplain, or a member of a rescue squad or ambulance crew; and

(iii) provides scene security or directs traffic—

(I) in response to any fire drill, fire call, or other fire, rescue, or police emergency; or

(II) at a planned special event.

(d) PERIOD OF ELIGIBILITY FOR GRANTS.—

(1) IN GENERAL.—The period during which a student may receive Federal Pell Grants shall be the period required for the completion of the first undergraduate baccalaureate course of

study being pursued by that student at the institution at which the student is in attendance, except that any period during which the student is enrolled in a noncredit or remedial course of study, as described in paragraph (2), shall not be counted for the purpose of this paragraph.

(2) NONCREDIT OR REMEDIAL COURSES; STUDY ABROAD.—Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the institution to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of courses in English language instruction, to be necessary to enable the student to use already existing knowledge, training, or skills. Nothing in this section shall exclude from eligibility programs of study abroad that are approved for credit by the home institution at which the student is enrolled.

(3) NO CONCURRENT PAYMENTS.—No student is entitled to receive Pell Grant payments concurrently from more than one institution or from both the Secretary and an institution.

(4) POSTBACCALAUREATE PROGRAM.—Notwithstanding paragraph (1), the Secretary may allow, on a case-by-case basis, a student to receive a Federal Pell Grant if the student—

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

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

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

(5) MAXIMUM PERIOD.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the period during which a student may receive Federal Pell Grants shall not exceed 12 semesters, or the equivalent of 12 semesters, as determined by the Secretary by regulation. Such regulations shall provide, with respect to a student who received a Federal Pell Grant for a term but was enrolled at a fraction of full time, that only that same fraction of such semester or equivalent shall count towards such duration limits.

(B) EXCEPTION.—

(i) IN GENERAL.—Any Federal Pell Grant that a student received during a period described in subclause (I) or (II) of clause (ii) shall not count towards the student's duration limits under this paragraph.

(ii) APPLICABLE PERIODS.—Clause (i) shall apply with respect to any Federal Pell Grant awarded to a student to enroll in an eligible program at an institution—

(I) during a period of a student's attendance at an institution—

(aa) at which the student was unable to complete a course of study due to the closing of the institution; or

(bb) for which the student was falsely certified as eligible for Federal aid under this title; or

(II) during a period—

(aa) for which the student received a loan under this title; and

(bb) for which the loan described in item (aa) is discharged under—

(AA) section 437(c)(1) or section 464(g)(1);

(BB) section 432(a)(6); or

(CC) section 455(h) due to the student's successful assertion of a defense to repayment of the loan, including defenses provided to any applicable groups of students.

(e) APPLICATIONS FOR GRANTS.—

(1) DEADLINES.—The Secretary shall from time to time set dates by which students shall file the Free Application for Federal Student Aid under section 483.

(2) APPLICATION.—Each student desiring a Federal Pell Grant for any year shall file the Free Application for Federal Student Aid containing the information necessary to enable the Secretary to carry out the functions and responsibilities of this subpart.

(f) DISTRIBUTION OF GRANTS TO STUDENTS.—Payments under this section shall be made in accordance with regulations promulgated by the Secretary for such purpose, in such manner as will best accomplish the purpose of this section. Any disbursement allowed to be made by crediting the student's account shall be limited to tuition and fees, and food and housing if that food and housing is institutionally owned or operated. The student may elect to have the institution provide other such goods and services by crediting the student's account.

(g) INSUFFICIENT APPROPRIATIONS.—If, for any fiscal year, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsections (b) and (c) (but at the maximum grant level specified in such appropriation), the Secretary shall promptly transmit a notice of such insufficiency to each House of the Congress, and identify in such notice the additional amount that would be required to be appropriated to satisfy fully all entitlements (as so calculated at such maximum grant level).

(h) USE OF EXCESS FUNDS.—

(1) 15 PERCENT OR LESS.—If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by 15 percent or less, then all of the excess funds shall remain available for making

payments under this subpart during the next succeeding fiscal year.

(2) MORE THAN 15 PERCENT.—If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by more than 15 percent, then all of such funds shall remain available for making such payments but payments may be made under this paragraph only with respect to entitlements for that fiscal year.

(i) TREATMENT OF INSTITUTIONS AND STUDENTS UNDER OTHER LAWS.—Any institution of higher education which enters into an agreement with the Secretary to disburse to students attending that institution the amounts those students are eligible to receive under this subpart shall not be deemed, by virtue of such agreement, a contractor maintaining a system of records to accomplish a function of the Secretary. Recipients of Pell Grants shall not be considered to be individual grantees for purposes of chapter 81 of title 41, United States Code.

(j) INSTITUTIONAL INELIGIBILITY BASED ON DEFAULT RATES.—

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

(2) SANCTIONS SUBJECT TO APPEAL OPPORTUNITY.—No institution may be subject to the terms of this subsection unless the institution has had the opportunity to appeal the institution's default rate determination under regulations issued by the Secretary for the loan program authorized under part B or D, as applicable. This subsection shall not apply to an institution that was not participating in the loan program authorized under part B or D on October 7, 1998, unless the institution subsequently participates in the loan programs.

* * * * *

[SUBPART 4—LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM

[SEC. 415A. PURPOSE; APPROPRIATIONS AUTHORIZED.

[(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in—

[(1) providing grants to—

[(A) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by institutions of higher education at which such students are enrolled; and

[(B) eligible students for campus-based community service work-study; and

[(2) carrying out the activities described in section 415E.

[(b) AUTHORIZATION OF APPROPRIATIONS; AVAILABILITY.—

[(1) IN GENERAL.—There are authorized to be appropriated to carry out this subpart \$200,000,000 for fiscal year 2009 and

such sums as may be necessary for each of the five succeeding fiscal years.

[(2) RESERVATION.—For any fiscal year for which the amount appropriated under paragraph (1) exceeds \$30,000,000, the excess amount shall be available to carry out section 415E.

[(3) AVAILABILITY.—Sums appropriated pursuant to the authority of paragraph (1) for any fiscal year shall remain available for payments to States under this subpart until the end of the fiscal year succeeding the fiscal year for which such sums were appropriated.

[SEC. 415B. ALLOTMENT AMONG STATES.

[(a) ALLOTMENT BASED ON NUMBER OF ELIGIBLE STUDENTS IN ATTENDANCE.—(1) From the sums appropriated pursuant to section 415A(b)(1) and not reserved under section 415A(b)(2) for any fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to such sums as the number of students who are deemed eligible in such State for participation in the grant program authorized by this subpart bears to the total number of such students in all the States, except that no State shall receive less than the State received for fiscal year 1979.

[(2) For the purpose of this subsection, the number of students who are deemed eligible in a State for participation in the grant program authorized by this subpart, and the number of such students in all the States, shall be determined for the most recent year for which satisfactory data are available.

[(b) REALLOTMENT.—The amount of any State's allotment under subsection (a) for any fiscal year which the Secretary determines will not be required for such fiscal year for the leveraging educational assistance partnership program of that State shall be available for reallocation from time to time, on such dates during such year as the Secretary may fix, to other States in proportion to the original allotments to such States under such part for such year, but with such proportionate amount for any of such States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use for such year for carrying out the State plan. The total of such reductions shall be similarly reallocated among the States whose proportionate amounts were not so reduced. Any amount reallocated to a State under this part during a year from funds appropriated pursuant to section 415A(b)(1) shall be deemed part of its allotment under subsection (a) for such year.

[(c) ALLOTMENTS SUBJECT TO CONTINUING COMPLIANCE.—The Secretary shall make payments for continuing incentive grants only to States which continue to meet the requirements of section 415C(b).

[SEC. 415C. APPLICATIONS FOR LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAMS.

[(a) SUBMISSION AND CONTENTS OF APPLICATIONS.—A State which desires to obtain a payment under this subpart for any fiscal year shall submit annually an application therefor through the State agency administering its program under this subpart as of July 1, 1985, unless the Governor of that State so designates, in writing, a different agency to administer the program. The application shall contain such information as may be required by, or pur-

suant to, regulation for the purpose of enabling the Secretary to make the determinations required under this subpart.

[(b) PAYMENT OF FEDERAL SHARE OF GRANTS MADE BY QUALIFIED PROGRAM.—From a State's allotment under this subpart for any fiscal year the Secretary is authorized to make payments to such State for paying up to 50 percent of the amount of student grants pursuant to a State program which—

[(1) is administered by a single State agency;

[(2) provides that such grants will be in amounts not to exceed the lesser of \$12,500 or the student's cost of attendance per academic year (A) for attendance on a full-time basis at an institution of higher education, and (B) for campus-based community service work learning study jobs;

[(3) provides that—

[(A) not more than 20 percent of the allotment to the State for each fiscal year may be used for the purpose described in paragraph (2)(B);

[(B) grants for the campus-based community work learning study jobs may be made only to students who are otherwise eligible for assistance under this subpart; and

[(C) grants for such jobs be made in accordance with the provisions of section 443(b)(1);

[(4) provides for the selection of recipients of such grants or of such State work-study jobs on the basis of substantial financial need determined annually on the basis of criteria established by the State and approved by the Secretary, except that for the purpose of collecting data to make such determination of financial need, no student or parent shall be charged a fee that is payable to an entity other than such State;

[(5) provides that, effective with respect to any academic year beginning on or after October 1, 1978, all nonprofit institutions of higher education in the State are eligible to participate in the State program, except in any State in which participation of nonprofit institutions of higher education is in violation of the constitution of the State or in any State in which participation of nonprofit institutions of higher education is in violation of a statute of the State which was enacted prior to October 1, 1978;

[(6) provides for the payment of the non-Federal portion of such grants or of such work-study jobs from funds supplied by such State which represent an additional expenditure for such year by such State for grants or work-study jobs for students attending institutions of higher education over the amount expended by such State for such grants or work-study jobs, if any, during the second fiscal year preceding the fiscal year in which such State initially received funds under this subpart;

[(7) provides that if the State's allocation under this subpart is based in part on the financial need demonstrated by students who are independent students or attending the institution less than full time, a reasonable proportion of the State's allocation shall be made available to such students;

[(8) provides for State expenditures under such program of an amount not less than the average annual aggregate expenditures for the preceding three fiscal years or the average an-

nual expenditure per full-time equivalent student for such years;

[(9) provides (A) for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the State agency under this subpart, and (B) for the making of such reports, in such form and containing such information, as may be reasonably necessary to enable the Secretary to perform his functions under this subpart;

[(10) for any academic year beginning after June 30, 1987, provides the non-Federal share of the amount of student grants or work-study jobs under this subpart through State funds for the program under this subpart; and

[(11) provides notification to eligible students that such grants are—

[(A) Leveraging Educational Assistance Partnership Grants; and

[(B) funded by the Federal Government, the State, and, where applicable, other contributing partners.

[(c) RESERVATION AND DISBURSEMENT OF ALLOTMENTS AND RE-ALLOTMENTS.—Upon his approval of any application for a payment under this subpart, the Secretary shall reserve from the applicable allotment (including any applicable reallotment) available therefor, the amount of such payment, which (subject to the limits of such allotment or reallotment) shall be equal to the Federal share of the cost of the students' incentive grants or work-study jobs covered by such application. The Secretary shall pay such reserved amount, in advance or by way of reimbursement, and in such installments as the Secretary may determine. The Secretary may amend the reservation of any amount under this section, either upon approval of an amendment of the application or upon revision of the estimated cost of the student grants or work-study jobs with respect to which such reservation was made. If the Secretary approves an upward revision of such estimated cost, the Secretary may reserve the Federal share of the added cost only from the applicable allotment (or reallotment) available at the time of such approval.

[SEC. 415D. ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW.

[(a) DISAPPROVAL OF APPLICATIONS; SUSPENSION OF ELIGIBILITY.—(1) The Secretary shall not finally disapprove any application for a State program submitted under section 415C, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

[(2) Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering a State program approved under this subpart, finds—

[(A) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

[(B) that in the administration of the program there is a failure to comply substantially with any such provisions, the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until he is satisfied that there is no longer any such failure to comply.

[(b) REVIEW OF DECISIONS.—(1) If any State is dissatisfied with the Secretary's final action with respect to the approval of its State program submitted under this subpart or with his final action under subsection (a), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Commissioner shall forthwith certify and file in the court the transcript of the proceedings and the record on which he based his action.

[(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

[(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in title 28, United States Code, section 1254.

[SEC. 415E. GRANTS FOR ACCESS AND PERSISTENCE.

[(a) PURPOSE.—It is the purpose of this section to expand college access and increase college persistence by making allotments to States to enable the States to—

[(1) expand and enhance partnerships with institutions of higher education, early information and intervention, mentoring, or outreach programs, private corporations, philanthropic organizations, and other interested parties, including community-based organizations, in order to—

[(A) carry out activities under this section; and

[(B) provide coordination and cohesion among Federal, State, and local governmental and private efforts that provide financial assistance to help low-income students attend an institution of higher education;

[(2) provide need-based grants for access and persistence to eligible low-income students;

[(3) provide early notification to low-income students of the students' eligibility for financial aid; and

[(4) encourage increased participation in early information and intervention, mentoring, or outreach programs.

[(b) ALLOTMENTS TO STATES.—

[(1) IN GENERAL.—

[(A) AUTHORIZATION.—From sums reserved under section 415A(b)(2) for each fiscal year, the Secretary shall make an allotment to each State that submits an application for an allotment in accordance with subsection (c) to enable the State to pay the Federal share, as described in paragraph (2), of the cost of carrying out the activities under subsection (d).

[(B) DETERMINATION OF ALLOTMENT.—In making allotments under subparagraph (A), the Secretary shall consider the following:

[(i) CONTINUATION OF AWARD.—Except as provided in clause (ii), if a State continues to meet the specifications established in such State's application under subsection (c), the Secretary shall make an allotment to such State that is not less than the allotment made to such State for the previous fiscal year.

[(ii) SPECIAL CONTINUATION AND TRANSITION RULE.—If a State that applied for and received an allotment under this section for fiscal year 2010 pursuant to subsection (j) meets the specifications established in the State's application under subsection (c) for fiscal year 2011, then the Secretary shall make an allotment to such State for fiscal year 2011 that is not less than the allotment made pursuant to subsection (j) to such State for fiscal year 2010 under this section (as this section was in effect on the day before the date of enactment of the Higher Education Opportunity Act (Public Law 110–315)).

[(iii) PRIORITY.—The Secretary shall give priority in making allotments to States that meet the requirements described in paragraph (2)(B)(ii).

[(2) FEDERAL SHARE.—

[(A) IN GENERAL.—The Federal share of the cost of carrying out the activities under subsection (d) for any fiscal year shall not exceed 66.66 percent.

[(B) DIFFERENT PERCENTAGES.—The Federal share under this section shall be determined in accordance with the following:

[(i) The Federal share of the cost of carrying out the activities under subsection (d) shall be 57 percent if a State applies for an allotment under this section in partnership with any number of degree-granting institutions of higher education in the State whose combined full-time enrollment represents less than a majority of all students attending institutions of higher education in the State, and—

[(I) philanthropic organizations that are located in, or that provide funding in, the State; or

[(II) private corporations that are located in, or that do business in, the State.

[(ii) The Federal share of the cost of carrying out the activities under subsection (d) shall be 66.66 percent if a State applies for an allotment under this section in partnership with any number of degree-granting institutions of higher education in the State whose combined full-time enrollment represents a majority of all students attending institutions of higher education in the State, and—

[(I) philanthropic organizations that are located in, or that provide funding in, the State; or

[(II) private corporations that are located in, or that do business in, the State.

[(C) NON-FEDERAL SHARE.—

[(i) IN GENERAL.—The non-Federal share under this section may be provided in cash or in kind, fairly evaluated.

[(ii) IN-KIND CONTRIBUTION.—For the purpose of calculating the non-Federal share under this subparagraph, an in-kind contribution is a non-cash contribution that—

[(I) has monetary value, such as the provision of—

[(aa) room and board; or

[(bb) transportation passes; and

[(II) helps a student meet the cost of attendance at an institution of higher education.

[(iii) EFFECT ON NEED ANALYSIS.—For the purpose of calculating a student's need in accordance with part F, an in-kind contribution described in clause (ii) shall not be considered an asset or income of the student or the student's parent.

[(c) APPLICATION FOR ALLOTMENT.—

[(1) IN GENERAL.—

[(A) SUBMISSION.—A State that desires to receive an allotment under this section on behalf of a partnership described in paragraph (3) shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

[(B) CONTENT.—An application submitted under subparagraph (A) shall include the following:

[(i) A description of the State's plan for using the allotted funds.

[(ii) An assurance that the State will provide matching funds, in cash or in kind, from State, institutional, philanthropic, or private funds, of not less than 33.33 percent of the cost of carrying out the activities under subsection (d). The State shall specify the methods by which matching funds will be paid. A State that uses non-Federal funds to create or expand partnerships with entities described in subsection (a)(1), in which such entities match State funds for student scholarships, may apply such matching funds from such entities toward fulfilling the State's matching obligation under this clause.

[(iii) An assurance that the State will use funds provided under this section to supplement, and not supplant, Federal and State funds available for carrying out the activities under this title.

[(iv) An assurance that early information and intervention, mentoring, or outreach programs exist within the State or that there is a plan to make such programs widely available.

[(v) A description of the organizational structure that the State has in place to administer the activities under subsection (d), including a description of how the State will compile information on degree completion of students receiving grants under this section.

[(vi) A description of the steps the State will take to ensure that students who receive grants under this section persist to degree completion.

[(vii) An assurance that the State has a method in place, such as acceptance of the automatic zero expected family contribution determination described in section 479(c), to identify eligible low-income students and award State grant aid to such students.

[(viii) An assurance that the State will provide notification to eligible low-income students that grants under this section are—

[(I) Leveraging Educational Assistance Partnership Grants; and

[(II) funded by the Federal Government and the State, and, where applicable, other contributing partners.

[(2) STATE AGENCY.—The State agency that submits an application for a State under section 415C(a) shall be the same State agency that submits an application under paragraph (1) for such State.

[(3) PARTNERSHIP.—In applying for an allotment under this section, the State agency shall apply for the allotment in partnership with—

[(A) not less than one public and one private degree-granting institution of higher education that are located in the State, if applicable;

[(B) new or existing early information and intervention, mentoring, or outreach programs located in the State; and

[(C) not less than one—

[(i) philanthropic organization located in, or that provides funding in, the State; or

[(ii) private corporation located in, or that does business in, the State.

[(4) ROLES OF PARTNERS.—

[(A) STATE AGENCY.—A State agency that is in a partnership receiving an allotment under this section—

[(i) shall—

[(I) serve as the primary administrative unit for the partnership;

[(II) provide or coordinate non-Federal share funds, and coordinate activities among partners;

[(III) encourage each institution of higher education in the State to participate in the partnership;

[(IV) make determinations and early notifications of assistance as described under subsection (d)(2); and

[(V) annually report to the Secretary on the partnership's progress in meeting the purpose of this section; and

[(ii) may provide early information and intervention, mentoring, or outreach programs.

[(B) DEGREE-GRANTING INSTITUTIONS OF HIGHER EDUCATION.—A degree-granting institution of higher education

that is in a partnership receiving an allotment under this section—

[(i) shall—

[(I) recruit and admit participating qualified students and provide such additional institutional grant aid to participating students as agreed to with the State agency;

[(II) provide support services to students who receive grants for access and persistence under this section and are enrolled at such institution; and

[(III) assist the State in the identification of eligible students and the dissemination of early notifications of assistance as agreed to with the State agency; and

[(ii) may provide funding for early information and intervention, mentoring, or outreach programs or provide such services directly.

[(C) PROGRAMS.—An early information and intervention, mentoring, or outreach program that is in a partnership receiving an allotment under this section shall provide direct services, support, and information to participating students.

[(D) PHILANTHROPIC ORGANIZATION OR PRIVATE CORPORATION.—A philanthropic organization or private corporation that is in a partnership receiving an allotment under this section shall provide funds for grants for access and persistence for participating students, or provide funds or support for early information and intervention, mentoring, or outreach programs.

[(d) AUTHORIZED ACTIVITIES.—

[(1) IN GENERAL.—

[(A) ESTABLISHMENT OF PARTNERSHIP.—Each State receiving an allotment under this section shall use the funds to establish a partnership to award grants for access and persistence to eligible low-income students in order to increase the amount of financial assistance such students receive under this subpart for undergraduate education expenses.

[(B) AMOUNT OF GRANTS.—The amount of a grant for access and persistence awarded by a State to a student under this section shall be not less than—

[(i) the average undergraduate tuition and mandatory fees at the public institutions of higher education in the State where the student resides that are of the same type of institution as the institution of higher education the student attends; minus

[(ii) other Federal and State aid the student receives.

[(C) SPECIAL RULES.—

[(i) PARTNERSHIP INSTITUTIONS.—A State receiving an allotment under this section may restrict the use of grants for access and persistence under this section by awarding the grants only to students attending insti-

tutions of higher education that are participating in the partnership.

[(ii) OUT-OF-STATE INSTITUTIONS.—If a State provides grants through another program under this subpart to students attending institutions of higher education located in another State, grants awarded under this section may be used at institutions of higher education located in another State.

[(2) EARLY NOTIFICATION.—

[(A) IN GENERAL.—Each State receiving an allotment under this section shall annually notify low-income students in grades seven through 12 in the State, and their families, of their potential eligibility for student financial assistance, including an access and persistence grant, to attend an institution of higher education.

[(B) CONTENT OF NOTICE.—The notice under subparagraph (A)—

[(i) shall include—

[(I) information about early information and intervention, mentoring, or outreach programs available to the student;

[(II) information that a student's eligibility for a grant for access and persistence is enhanced through participation in an early information and intervention, mentoring, or outreach program;

[(III) an explanation that student and family eligibility for, and participation in, other Federal means-tested programs may indicate eligibility for a grant for access and persistence and other student aid programs;

[(IV) a nonbinding estimate of the total amount of financial aid that a low-income student with a similar income level may expect to receive, including an estimate of the amount of a grant for access and persistence and an estimate of the amount of grants, loans, and all other available types of aid from the major Federal and State financial aid programs;

[(V) an explanation that in order to be eligible for a grant for access and persistence, at a minimum, a student shall—

[(aa) meet the requirement under paragraph (3);

[(bb) graduate from secondary school; and

[(cc) enroll at an institution of higher education—

[(AA) that is a partner in the partnership; or

[(BB) with respect to which attendance is permitted under subsection (d)(1)(C)(ii);

[(VI) information on any additional requirements (such as a student pledge detailing student responsibilities) that the State may impose for receipt of a grant for access and persistence under this section; and

[(VII) instructions on how to apply for a grant for access and persistence and an explanation that a student is required to file a Free Application for Federal Student Aid authorized under section 483(a) to be eligible for such grant and assistance from other Federal and State financial aid programs; and

[(ii) may include a disclaimer that grant awards for access and persistence are contingent on—

[(I) a determination of the student's financial eligibility at the time of the student's enrollment at an institution of higher education that is a partner in the partnership or qualifies under subsection (d)(1)(C)(ii);

[(II) annual Federal and State spending for higher education; and

[(III) other aid received by the student at the time of the student's enrollment at such institution of higher education.

[(3) ELIGIBILITY.—In determining which students are eligible to receive grants for access and persistence, the State shall ensure that each such student complies with the following subparagraph (A) or (B):

[(A) Meets not less than two of the following criteria, with priority given to students meeting all of the following criteria:

[(i) Has an expected family contribution¹ equal to zero, as determined under part F, or a comparable alternative based upon the State's approved criteria in section 415C(b)(4).

[(ii) Qualifies for the State's maximum undergraduate award, as authorized under section 415C(b).

[(iii) Is participating in, or has participated in, a Federal, State, institutional, or community early information and intervention, mentoring, or outreach program, as recognized by the State agency administering activities under this section.

[(B) Is receiving, or has received, a grant for access and persistence under this section, in accordance with paragraph (5).

[(4) GRANT AWARD.—Once a student, including those students who have received early notification under paragraph (2) from the State, applies for admission to an institution that is a partner in the partnership, files a Free Application for Federal Student Aid and any related State form, and is determined eligible by the State under paragraph (3), the State shall—

[(A) issue the student a preliminary award certificate for a grant for access and persistence with estimated award amounts; and

[(B) inform the student that payment of the grant for access and persistence award amounts is subject to certification of enrollment and award eligibility by the institution of higher education.

[(5) DURATION OF AWARD.—An eligible student who receives a grant for access and persistence under this section shall receive such grant award for each year of such student's undergraduate education in which the student remains eligible for assistance under this title, including pursuant to section 484(c), and remains financially eligible as determined by the State, except that the State may impose reasonable time limits to degree completion.

[(e) ADMINISTRATIVE COST ALLOWANCE.—A State that receives an allotment under this section may reserve not more than two percent of the funds made available annually through the allotment for State administrative functions required to carry out this section.

[(f) STATUTORY AND REGULATORY RELIEF FOR INSTITUTIONS OF HIGHER EDUCATION.—The Secretary may grant, upon the request of an institution of higher education that is in a partnership described in subsection (b)(2)(B)(ii) and that receives an allotment under this section, a waiver for such institution from statutory or regulatory requirements that inhibit the ability of the institution to successfully and efficiently participate in the activities of the partnership.

[(g) APPLICABILITY RULE.—The provisions of this subpart that are not inconsistent with this section shall apply to the program authorized by this section.

[(h) MAINTENANCE OF EFFORT REQUIREMENT.—Each State receiving an allotment under this section for a fiscal year shall provide the Secretary with an assurance that the aggregate amount expended per student or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (d) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditure by the State for the activities for the second preceding fiscal year.

[(i) SPECIAL RULE.—Notwithstanding subsection (h), for purposes of determining a State's share of the cost of the authorized activities described in subsection (d), the State shall consider only those expenditures from non-Federal sources that exceed the State's total expenditures for need-based grants, scholarships, and work-study assistance for fiscal year 1999 (including any such assistance provided under this subpart).

[(j) CONTINUATION AND TRANSITION.—For the two-year period that begins on the date of enactment of the Higher Education Opportunity Act, the Secretary shall continue to award grants under section 415E of the Higher Education Act of 1965 as such section existed on the day before the date of enactment of the Higher Education Opportunity Act to States that choose to apply for grants under such predecessor section.

[(k) REPORTS.—Not later than three years after the date of enactment of the Higher Education Opportunity Act and annually thereafter, the Secretary shall submit a report describing the activities and the impact of the partnerships under this section to the authorizing committees.

[SEC. 415F. DEFINITION.

[For the purpose of this subpart, the term "community service" means services, including direct service, planning, and applied re-

search which are identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, and which—

【(1) are designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to the needs of such residents, including but not limited to, such fields as health care, child care, education, literacy training, welfare, social services, public safety, crime prevention and control, transportation, recreation, housing and neighborhood improvement, rural development, and community improvement; and

【(2) provide participating students with work-learning opportunities related to their educational or vocational programs or goals.

Subpart 4—Promoting Real Opportunities to Maximize Investments and Savings in Education

SEC. 415A. PURPOSE.

It is the purpose of this subpart to provide performance-based grants to—

(1) assist institutions in providing certainty to students and families about postsecondary affordability;

(2) increase postsecondary access and economic mobility; and

(3) ensure that students, institutions, and taxpayers receive a financial return for investments in postsecondary education.

SEC. 415B. PROMISE GRANTS.

For award year 2026–2027 and each succeeding award year, from reserved funds remitted to the Secretary in accordance with section 454(d) and additional funds authorized under section 415E, as necessary, the Secretary shall award PROMISE grants to eligible institutions to carry out the purpose of this subpart. PROMISE grants awarded under this subpart shall be performance-based and shall be awarded to each eligible institution for a 6-year period in an amount that is determined in accordance with section 415D.

SEC. 415C. ELIGIBLE INSTITUTIONS; APPLICATION.

(a) ELIGIBLE INSTITUTION.—To be eligible for a PROMISE grant under this subpart, an institution shall—

(1) be an institution of higher education under section 102, except that an institution described in section 102(a)(1)(C) shall not be an eligible institution under this subpart; and

(2) meet the maximum total price guarantee requirements under subsection (c).

(b) APPLICATION.—An eligible institution seeking a PROMISE grant under this subpart (including a renewal of such a grant) shall submit to the Secretary an application, at such time as the Secretary may require, that contains the information required in this subsection. Such application shall—

(1) demonstrate that the institution—

(A) meets the maximum total price guarantee requirements under subsection (c); and

(B) will continue to meet the maximum total price guarantee requirements for each award year during the grant period with respect to students first enrolling at the institution for each such award year;

(2) describe how grant funds awarded under this subpart will be used by the institution to carry out the purposes of this Act, including activities related to—

(A) postsecondary affordability, including—

(i) the expansion and continuation of the maximum total price guarantee requirements under subsection (c); and

(ii) any other activities to be carried out by the institution to increase postsecondary affordability and minimize the total net price required for completion (as defined in section 132(a)) paid by students receiving need-based student aid;

(B) postsecondary access, which may include—

(i) the activities described in section 485E of this Act; and

(ii) any other activities to be carried out by the institution to increase postsecondary access and expand opportunities for low- and middle-income students; and

(C) postsecondary student success, which may include—

(i) activities to improve completion rates and reduce time to credential, including the activities described in section 741 of this Act, as amended by the College Cost Reduction Act;

(ii) activities to align programs of study with the needs of employers, including with respect to in-demand industry sectors or occupations (as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102)); and

(iii) any other activities to be carried out by the institution to increase value-added earnings and postsecondary student success;

(3) describe—

(A) how the institution will evaluate the effectiveness of the institution's use of grant funds awarded under this subpart; and

(B) how the institution will collect and disseminate information on promising practices developed with the use of such grant funds; and

(4) in the case of an institution that has previously received a grant under this subpart, contain the evaluation required under paragraph (3) for each previous grant.

(c) **MAXIMUM TOTAL PRICE GUARANTEE REQUIREMENTS.**—As a condition of eligibility for a PROMISE grant under this subpart, an institution shall—

(1) for each award year beginning after the date of enactment of the College Cost Reduction Act, not later than one year before the start of each such award year (except that, for the first award year beginning after such date of enactment, the institution shall meet these requirements as soon as practicable such date of enactment)—

(A) determine the maximum total price for completion, in accordance with subsection (e), for each program of study at the institution—

(i) applicable to students in each income category described in section 132(c)(2)(A)(i); and

(ii) applicable to students in each student aid index category determined by the Secretary in accordance with section 132(c)(2)(A)(ii); and

(B) publish such information on the institution's website and in the institution's catalog, marketing materials, or other official publications;

(2) for the award year for which the institution is applying for a PROMISE grant, and at least one award year preceding such award year, provide to each student who first enrolls, or plans to enroll, in the institution during the award year and who receives Federal financial aid under this title a maximum total price guarantee, in accordance with this section, for the minimum guarantee period applicable to the student; and

(3) provide to the Secretary an assurance that the institution will continue to meet each of the maximum total price guarantee requirements under this subsection for students who first enroll, or plan to enroll, in the institution during each award year included in the grant period.

(d) DURATION OF MINIMUM GUARANTEE PERIOD.—

(1) IN GENERAL.—The minimum period during which a student shall be provided a guarantee under subsection (c) with respect to the maximum total price for completion of a program of study at an institution shall be the median time to credential of students who completed any undergraduate program of study at the institution during the most recent award year for which data are available, except that such minimum guarantee period shall not be less than the program length of the program of study in which the student is enrolled.

(2) LIMITATION.—An institution shall not be required to provide a maximum total price guarantee under subsection (c) to a student after the conclusion of the 6-year period beginning on the first day on which the student enrolled at such institution.

(e) DETERMINATION OF MAXIMUM TOTAL PRICE FOR COMPLETION.—

(1) IN GENERAL.—For the purposes of subsection (c), an institution shall determine, prior to the first award year in which a student enrolls at the institution, the maximum total price that may be charged to the student for completion of a program of study at the institution for the minimum guarantee period applicable to a student, before application of any Federal Pell Grants or other Federal financial aid under this title. Such a maximum total price for completion shall be determined for students in each income category and student aid index category (as determined in accordance with section 132(c)(2)(A)). In determining the maximum total price for completion to be charged to each such category of students, the institution may consider the ability of a category of students to pay tuition and fees (including the required costs described in section 124(b)(3)(A)(i)(I)), but may not include in such consideration any Federal Pell Grants or other Federal financial aid awards that may be available to such category of students under this title.

(2) MULTIPLE MAXIMUM TOTAL PRICE GUARANTEES.—In the event that a student receives more than one maximum total price guarantee because the student is included in more than

one category of students for which the institution determines a maximum total price guarantee amount for the purposes of subsection (c), the maximum total price guarantee applicable to such student for the purposes of this section shall be equal to the lowest such guarantee amount.

SEC. 415D. GRANT AMOUNTS; FLEXIBLE USE OF FUNDS.

(a) GRANT AMOUNT FORMULA.—

(1) FORMULA.—Subject to subsection (b), the amount of a PROMISE grant for an eligible institution for each year of the grant period shall be determined by the Secretary annually and shall be equal to—

(A) the amount determined by multiplying—

(i) the lesser of—

(I) the difference determined by subtracting one from the quotient of—

(aa) the average, for the 3 most recent award years for which data are available, of the median value-added earnings (as defined in section 103) for each such award year of students who completed any program of study of the institution; divided by

(bb) the average for the 3 most recent award years, of the maximum total price applicable for each such award year to students enrolled in the institution in any program of study who received financial aid under this title; or

(II) the number two;

(ii) the average, for the 3 most recent award years, of the total dollar amount of Federal Pell Grants awarded to students enrolled in the institution in each such award year; and

(iii) the average, for the 3 most recent award years, of the percentage of low-income students who received Federal financial assistance under this title who were enrolled in the institution in each such award year who—

(I) completed a program of study at the institution within 100 percent of the program length of such program; or

(II) only in the case of a two-year institution or a less than two-year institution—

(aa) transfer to a four-year institution; and

(bb) within 4 years after first enrolling at the two-year or less than two-year institution, complete a program of study at the four-year institution for which a bachelor's degree (or substantially similar credential) is awarded; minus

(B) the sum of—

(i) the amount allocated to the institution under part C of title IV for the most recent fiscal year; and

(ii) the amount allocated to the institution under subpart 3 of part A of title IV for the most recent fiscal year.

(2) *DEFINITION OF LOW-INCOME.*—In this section, the term “low-income”, when used with respect to a student, means that the student’s family income does not exceed the maximum income in the lowest income category described in section 132(c)(2)(A)(i).

(b) *MAXIMUM GRANT AMOUNT.*—Notwithstanding subsection (a), the maximum amount an eligible institution may receive annually for a grant under this subpart shall be the amount equal to—

- (1) the average, for the 3 most recent award years, of the number of students enrolled in the institution in an award year who receive Federal financial aid under this title; multiplied by
- (2) \$5,000.

(c) *FLEXIBLE USE OF FUNDS.*—A PROMISE grant awarded under this subpart shall be used by an eligible institution to carry out the purposes of this subpart, including—

- (1) carrying out activities included in the institution’s application for such grant related to postsecondary affordability, access, and student success; and
- (2) evaluating the effectiveness of the activities carried out with such grant in accordance with section 415C(b)(3)(A); and
- (3) collecting and disseminating promising practices related to the activities carried out with such grant, in accordance with section 415C(b)(3)(B).

(d) *TRANSFER AUTHORITY.*—In order to offer an arrangement of types of aid which best fit the needs of each individual student, an institution may transfer up to 100 percent of the institution’s allotment under subpart 3 of this part or part C of this title (or both) to the institution’s allotment under this section. Funds transferred to an institution’s allotment under this section may be used as a part of and for the same purposes as funds allotted under this subpart. The Secretary shall have no control over such transfer, except as specifically authorized, except for the collection and dissemination of information.

SEC. 415E. AUTHORIZATION OF APPROPRIATIONS.

(a) *USED OF RESERVED FUNDS.*—

(1) *PRIMARY FUNDS.*—To carry out this subpart, there shall be available to the Secretary any funds remitted to the Secretary as reimbursements in accordance with section 454(d) for any award year; and

(2) *SECONDARY FUNDS.*—Beginning award year 2026–2027, if the amounts made available to the Secretary under paragraph (1) to carry out this subpart in any award year are insufficient to fully fund the PROMISE grants awarded under this subpart in such award year, there shall be available to the Secretary, in addition to such amounts, any funds returned to the Secretary under section 484B in the previous award year.

(b) *INSUFFICIENT FUNDS.*—If the amounts made available to the Secretary under subsection (a) to carry out this subpart for are not sufficient to provide grants to all eligible institutions in the amount determined under this subpart for an award year, the Secretary shall first provide grants to the eligible institutions that have the highest percentage of students who are low-income students (as defined in section 415D).

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

* * * * *

SEC. 428B. FEDERAL PLUS LOANS.**(a) AUTHORITY TO BORROW.—**

(1) **AUTHORITY AND ELIGIBILITY.**—Prior to July 1, 2010, a graduate or professional student or the parents of a dependent student shall be eligible to borrow funds under this section in amounts specified in subsection (b), if—

(A) the graduate or professional student or the parents do not have an adverse credit history as determined pursuant to regulations promulgated by the Secretary;

(B) in the case of a graduate or professional student or parent who has been convicted of, or has pled nolo contendere or guilty to, a crime involving fraud in obtaining funds under this title, such graduate or professional student or parent has completed the repayment of such funds to the Secretary, or to the holder in the case of a loan under this title obtained by fraud; and

(C) the graduate or professional student or the parents meet such other eligibility criteria as the Secretary may establish by regulation, after consultation with guaranty agencies, eligible lenders, and other organizations involved in student financial assistance.

(2) **TERMS, CONDITIONS, AND BENEFITS.**—Except as provided in subsections (c), (d), and (e), loans made under this section shall have the same terms, conditions, and benefits as all other loans made under this part.

(3) SPECIAL RULES.—

(A) **PARENT BORROWERS.**—Whenever necessary to carry out the provisions of this section, the terms “student” and “borrower” as used in this part shall include a parent borrower under this section.

(B)(i) **EXTENUATING CIRCUMSTANCES.**—An eligible lender may determine that extenuating circumstances exist under the regulations promulgated pursuant to paragraph (1)(A) if, during the period beginning January 1, 2007, and ending December 31, 2009, an applicant for a loan under this section—

(I) is or has been delinquent for 180 days or fewer on mortgage loan payments or on medical bill payments during such period; and

(II) does not otherwise have an adverse credit history, as determined by the lender in accordance with the regulations promulgated pursuant to paragraph (1)(A), as such regulations were in effect on the day before the date of enactment of the Ensuring Continued Access to Student Loans Act of 2008.

(ii) **DEFINITION OF MORTGAGE LOAN.**—In this subparagraph, the term “mortgage loan” means an extension of credit to a borrower that is secured by the primary residence of the borrower.

(iii) **RULE OF CONSTRUCTION.**—Nothing in this subparagraph shall be construed to limit an eligible lender’s authority under the regulations promulgated pursuant to

paragraph (1)(A) to determine that extenuating circumstances exist.

(b) **LIMITATION BASED ON NEED.**—Any loan under this section may be counted as part of the expected family contribution in the determination of need under this title, but no loan may be made to any graduate or professional student or any parent under this section for any academic year in excess of (A) the student's estimated cost of attendance, minus (B) other financial aid as certified by the eligible institution under section 428(a)(2)(A). The annual insurable limit on account of any student shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

(c) **PLUS LOAN DISBURSEMENT.**—All loans made under this section shall be disbursed in accordance with the requirements of section 428G and shall be disbursed by—

- (1) an electronic transfer of funds from the lender to the eligible institution; or
- (2) a check copayable to the eligible institution and the graduate or professional student or parent borrower.

(d) **PAYMENT OF PRINCIPAL AND INTEREST.**—

(1) **COMMENCEMENT OF REPAYMENT.**—Repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, subject to deferral—

(A)(i) during any period during which the parent borrower or the graduate or professional student borrower meets the conditions required for a deferral under section 427(a)(2)(C) or 428(b)(1)(M); and

(ii) upon the request of the parent borrower, during any period during which the student on whose behalf the loan was borrowed by the parent borrower meets the conditions required for a deferral under section 427(a)(2)(C)(i)(I) or 428(b)(1)(M)(i)(I); and

(B)(i) in the case of a parent borrower, upon the request of the parent borrower, during the 6-month period beginning on the later of—

(I) the day after the date the student on whose behalf the loan was borrowed ceases to carry at least one-half the normal full-time academic workload (as determined by the institution); or

(II) if the parent borrower is also a student, the day after the date such parent borrower ceases to carry at least one-half such a workload; and

(ii) in the case of a graduate or professional student borrower, during the 6-month period beginning on the day after the date such student ceases to carry at least one-half the normal full-time academic workload (as determined by the institution).

[(2) **CAPITALIZATION OF INTEREST.**—

[(A) **IN GENERAL.**—Interest on loans made under this section for which payments of principal are deferred pursuant to paragraph (1) shall, if agreed upon by the borrower and the lender—

[(i) be paid monthly or quarterly; or

[(ii) be added to the principal amount of the loan not more frequently than quarterly by the lender.

[(B) INSURABLE LIMITS.—Capitalization of interest under this paragraph shall not be deemed to exceed the annual insurable limit on account of the borrower.]

(2) *NO CAPITALIZATION OF INTEREST.*—*Interest on loans made under this section for which payments of principal are deferred pursuant to paragraph (1) shall be paid monthly or quarterly, if agreed upon by the borrower and the lender.*

(3) *SUBSIDIES PROHIBITED.*—No payments to reduce interest costs shall be paid pursuant to section 428(a) of this part on loans made pursuant to this section.

(4) *APPLICABLE RATES OF INTEREST.*—Interest on loans made pursuant to this section shall be at the applicable rate of interest provided in section 427A for loans made under this section.

(5) *AMORTIZATION.*—The amount of the periodic payment and the repayment schedule for any loan made pursuant to this section shall be established by assuming an interest rate equal to the applicable rate of interest at the time the repayment of the principal amount of the loan commences. At the option of the lender, the note or other written evidence of the loan may require that—

(A) the amount of the periodic payment will be adjusted annually, or

(B) the period of repayment of principal will be lengthened or shortened,

in order to reflect adjustments in interest rates occurring as a consequence of section 427A(c)(4).

(e) *REFINANCING.*—

(1) *REFINANCING TO SECURE COMBINED PAYMENT.*—An eligible lender may at any time consolidate loans held by it which are made under this section to a borrower, including loans which were made under section 428B as in effect prior to the enactment of the Higher Education Amendments of 1986, under a single repayment schedule which provides for a single principal payment and a single payment of interest, and shall calculate the repayment period for each included loan from the date of the commencement of repayment of the most recent included loan. Unless the consolidated loan is obtained by a borrower who is electing to obtain variable interest under paragraph (2) or (3), such consolidated loan shall bear interest at the weighted average of the rates of all included loans. The extension of any repayment period of an included loan pursuant to this paragraph shall be reported (if required by them) to the Secretary or guaranty agency insuring the loan, as the case may be, but no additional insurance premiums shall be payable with respect to any such extension. The extension of the repayment period of any included loan shall not require the formal extension of the promissory note evidencing the included loan or the execution of a new promissory note, but shall be treated as an administrative forbearance of the repayment terms of the included loan.

(2) *REFINANCING TO SECURE VARIABLE INTEREST RATE.*—An eligible lender may reissue a loan which was made under this section before July 1, 1987, or under section 428B as in effect

prior to the enactment of the Higher Education Amendments of 1986 in order to permit the borrower to obtain the interest rate provided under section 427A(c)(4). A lender offering to re-issue a loan or loans for such purpose may charge a borrower an amount not to exceed \$100 to cover the administrative costs of reissuing such loan or loans, not more than one-half of which shall be paid to the guarantor of the loan being reissued to cover costs of reissuance. Reissuance of a loan under this paragraph shall not affect any insurance applicable with respect to the loan, and no additional insurance fee may be charged to the borrower with respect to the loan.

(3) **REFINANCING BY DISCHARGE OF PREVIOUS LOAN.**—A borrower who has applied to an original lender for reissuance of a loan under paragraph (2) and who is denied such reissuance may obtain a loan from another lender for the purpose of discharging the loan from such original lender. A loan made for such purpose—

(A) shall bear interest at the applicable rate of interest provided under section 427A(c)(4);

(B) shall not result in the extension of the duration of the note (other than as permitted under subsection (d)(5)(B));

(C) may be subject to an additional insurance fee but shall not be subject to the administrative cost charge permitted by paragraph (2) of this subsection; and

(D) shall be applied to discharge the borrower from any remaining obligation to the original lender with respect to the original loan.

(4) **CERTIFICATION IN LIEU OF PROMISSORY NOTE PRESENTATION.**—Each new lender may accept certification from the original lender of the borrower's original loan in lieu of presentation of the original promissory note.

(f) **VERIFICATION OF IMMIGRATION STATUS AND SOCIAL SECURITY NUMBER.**—A parent who wishes to borrow funds under this section shall be subject to verification of the parent's—

(1) immigration status in the same manner as immigration status is verified for students under section 484(g); and

(2) social security number in the same manner as social security numbers are verified for students under section 484(p).

SEC. 428C. FEDERAL CONSOLIDATION LOANS.

(a) **AGREEMENTS WITH ELIGIBLE LENDERS.**—

(1) **AGREEMENT REQUIRED FOR INSURANCE COVERAGE.**—For the purpose of providing loans to eligible borrowers for consolidation of their obligations with respect to eligible student loans, the Secretary or a guaranty agency shall enter into agreements in accordance with subsection (b) with the following eligible lenders:

(A) the Student Loan Marketing Association or the Holding Company of the Student Loan Marketing Association, including any subsidiary of the Holding Company, created pursuant to section 440;

(B) State agencies described in subparagraphs (D) and (F) of section 435(d)(1); and

(C) other eligible lenders described in subparagraphs (A), (B), (C), (E), and (J) of such section.

(2) INSURANCE COVERAGE OF CONSOLIDATION LOANS.—Except as provided in section 429(e), no contract of insurance under this part shall apply to a consolidation loan unless such loan is made under an agreement pursuant to this section and is covered by a certificate issued in accordance with subsection (b)(2). Loans covered by such a certificate that is issued by a guaranty agency shall be considered to be insured loans for the purposes of reimbursements under section 428(c), but no payment shall be made with respect to such loans under section 428(f) to any such agency.

(3) DEFINITION OF ELIGIBLE BORROWER.—(A) For the purpose of this section, the term “eligible borrower” means a borrower who—

(i) is not subject to a judgment secured through litigation with respect to a loan under this title or to an order for wage garnishment under section 488A; and

(ii) at the time of application for a consolidation loan—

(I) is in repayment status as determined under section 428(b)(7)(A);

(II) is in a grace period preceding repayment; or

(III) is a defaulted borrower who has made arrangements to repay the obligation on the defaulted loans satisfactory to the holders of the defaulted loans.

(B)(i) An individual’s status as an eligible borrower under this section or under section 455(g) terminates under both sections upon receipt of a consolidation loan under this section or under section 455(g), except that—

(I) an individual who receives eligible student loans after the date of receipt of the consolidation loan may receive a subsequent consolidation loan;

(II) loans received prior to the date of the consolidation loan may be added during the 180-day period following the making of the consolidation loan;

(III) loans received following the making of the consolidation loan may be added during the 180-day period following the making of the consolidation loan;

(IV) loans received prior to the date of the first consolidation loan may be added to a subsequent consolidation loan; and

(V) an individual may obtain a subsequent consolidation loan under section 455(g) only—

(aa) for the purposes of obtaining income contingent repayment or income-based repayment, and only if the loan has been submitted to the guaranty agency for default aversion or if the loan is already in default;

(bb) for the purposes of using the public service loan forgiveness program under section 455(m);

(cc) for the purpose of using the no accrual of interest for active duty service members benefit offered under section 455(o).

(dd) for the purpose of separating a joint consolidation loan into 2 separate Federal Direct Consolidation Loans under section 455(g)(2).

(4) DEFINITION OF ELIGIBLE STUDENT LOANS.—For the purpose of paragraph (1), the term “eligible student loans” means loans—

(A) made, insured, or guaranteed under this part, and first disbursed before July 1, 2010, including loans on which the borrower has defaulted (but has made arrangements to repay the obligation on the defaulted loans satisfactory to the Secretary or guaranty agency, whichever insured the loans);

(B) made under part E of this title;

(C) made under part D of this title;

(D) made under subpart II of part A of title VII of the Public Health Service Act; or

(E) made under part E of title VIII of the Public Health Service Act.

(b) CONTENTS OF AGREEMENTS, CERTIFICATES OF INSURANCE, AND LOAN NOTES.—

(1) AGREEMENTS WITH LENDERS.—Any lender described in subparagraph (A), (B), or (C) of subsection (a)(1) who wishes to make consolidation loans under this section shall enter into an agreement with the Secretary or a guaranty agency which provides—

(A) that, in the case of all lenders described in subsection (a)(1), the lender will make a consolidation loan to an eligible borrower (on request of that borrower) only if the borrower certifies that the borrower has no other application pending for a loan under this section;

(B) that each consolidation loan made by the lender will bear interest, and be subject to repayment, in accordance with subsection (c);

(C) that each consolidation loan will be made, notwithstanding any other provision of this part limiting the annual or aggregate principal amount for all insured loans made to a borrower, in an amount (i) which is not less than the minimum amount required for eligibility of the borrower under subsection (a)(3), and (ii) which is equal to the sum of the unpaid principal and accrued unpaid interest and late charges of all eligible student loans received by the eligible borrower which are selected by the borrower for consolidation;

(D) that the proceeds of each consolidation loan will be paid by the lender to the holder or holders of the loans so selected to discharge the liability on such loans;

(E) that the lender shall offer an income-sensitive repayment schedule, established by the lender in accordance with the regulations promulgated by the Secretary, to the borrower of any consolidation loan made by the lender on or after July 1, 1994, and before July 1, 2010;

(F) that the lender shall disclose to a prospective borrower, in simple and understandable terms, at the time the lender provides an application for a consolidation loan—

(i) whether consolidation would result in a loss of loan benefits under this part or part D, including loan forgiveness, cancellation, and deferment;

(ii) with respect to Federal Perkins Loans under part E—

(I) that if a borrower includes a Federal Perkins Loan under part E in the consolidation loan, the borrower will lose all interest-free periods that would have been available for the Federal Perkins Loan, such as—

(aa) the periods during which no interest accrues on such loan while the borrower is enrolled in school at least half-time;

(bb) the grace period under section 464(c)(1)(A); and

(cc) the periods during which the borrower's student loan repayments are deferred under section 464(c)(2);

(II) that if a borrower includes a Federal Perkins Loan in the consolidation loan, the borrower will no longer be eligible for cancellation of part or all of the Federal Perkins Loan under section 465(a); and

(III) the occupations listed in section 465 that qualify for Federal Perkins Loan cancellation under section 465(a);

(iii) the repayment plans that are available to the borrower;

(iv) the options of the borrower to prepay the consolidation loan, to pay such loan on a shorter schedule, and to change repayment plans;

(v) that borrower benefit programs for a consolidation loan may vary among different lenders;

(vi) the consequences of default on the consolidation loan; and

(vii) that by applying for a consolidation loan, the borrower is not obligated to agree to take the consolidation loan; and

(G) such other terms and conditions as the Secretary or the guaranty agency may specifically require of the lender to carry out this section.

(2) ISSUANCE OF CERTIFICATE OF COMPREHENSIVE INSURANCE COVERAGE.—The Secretary shall issue a certificate of comprehensive insurance coverage under section 429(b) to a lender which has entered into an agreement with the Secretary under paragraph (1) of this subsection. The guaranty agency may issue a certificate of comprehensive insurance coverage to a lender with which it has an agreement under such paragraph. The Secretary shall not issue a certificate to a lender described in subparagraph (B) or (C) of subsection (a)(1) unless the Secretary determines that such lender has first applied to, and has been denied a certificate of insurance by, the guaranty agency which insures the preponderance of its loans (by value).

(3) CONTENTS OF CERTIFICATE.—A certificate issued under paragraph (2) shall, at a minimum, provide—

(A) that all consolidation loans made by such lender in conformity with the requirements of this section will be in-

sured by the Secretary or the guaranty agency (whichever is applicable) against loss of principal and interest;

(B) that a consolidation loan will not be insured unless the lender has determined to its satisfaction, in accordance with reasonable and prudent business practices, for each loan being consolidated—

(i) that the loan is a legal, valid, and binding obligation of the borrower;

(ii) that each such loan was made and serviced in compliance with applicable laws and regulations; and

(iii) in the case of loans under this part, that the insurance on such loan is in full force and effect;

(C) the effective date and expiration date of the certificate;

(D) the aggregate amount to which the certificate applies;

(E) the reporting requirements of the Secretary on the lender and an identification of the office of the Department of Education or of the guaranty agency which will process claims and perform other related administrative functions;

(F) the alternative repayment terms which will be offered to borrowers by the lender;

(G) that, if the lender prior to the expiration of the certificate no longer proposes to make consolidation loans, the lender will so notify the issuer of the certificate in order that the certificate may be terminated (without affecting the insurance on any consolidation loan made prior to such termination); and

(H) the terms upon which the issuer of the certificate may limit, suspend, or terminate the lender's authority to make consolidation loans under the certificate (without affecting the insurance on any consolidation loan made prior to such limitation, suspension, or termination).

(4) **TERMS AND CONDITIONS OF LOANS.**—A consolidation loan made pursuant to this section shall be insurable by the Secretary or a guaranty agency pursuant to paragraph (2) only if the loan is made to an eligible borrower who has agreed to notify the holder of the loan promptly concerning any change of address and the loan is evidenced by a note or other written agreement which—

(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him or her would not, under applicable law, create a binding obligation, endorsement may be required;

(B) provides for the payment of interest and the repayment of principal in accordance with subsection (c) of this section;

(C)(i) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid in accordance with clause (ii), during any period for which the borrower would be eligible for a deferral under section 428(b)(1)(M), and that any such period shall not be included in determining the repayment schedule pursuant to subsection (c)(2) of this section; and

(ii) provides that interest shall accrue and be paid during any such period—

(I) by the Secretary, in the case of a consolidation loan for which the application is received by an eligible lender before the date of enactment of the Emergency Student Loan Consolidation Act of 1997 that consolidated only Federal Stafford Loans for which the student borrower received an interest subsidy under section 428;

(II) by the Secretary, in the case of a consolidation loan for which the application is received by an eligible lender on or after the date of enactment of the Emergency Student Loan Consolidation Act of 1997 except that the Secretary shall pay such interest only on that portion of the loan that repays Federal Stafford Loans for which the student borrower received an interest subsidy under section 428 or Federal Direct Stafford Loans for which the borrower received an interest subsidy under section 455; or

(III) by the borrower, [or capitalized,] in the case of a consolidation loan other than a loan described in subclause (I) or (II);

(D) entitles the borrower to accelerate without penalty repayment of the whole or any part of the loan; and

(E)(i) contains a notice of the system of disclosure concerning such loan to consumer reporting agencies under section 430A, and (ii) provides that the lender on request of the borrower will provide information on the repayment status of the note to such consumer reporting agencies.

(5) DIRECT LOANS.—If, before July 1, 2010, a borrower is unable to obtain a consolidation loan from a lender with an agreement under subsection (a)(1), or is unable to obtain a consolidation loan with income-sensitive repayment terms or income-based repayment terms acceptable to the borrower from such a lender, or chooses to obtain a consolidation loan for the purposes of using the public service loan forgiveness program offered under section 455(m), the Secretary shall offer any such borrower who applies for it, a Federal Direct Consolidation loan. In addition, in the event that a borrower chooses to obtain a consolidation loan for the purposes of using the no accrual of interest for active duty service members program offered under section 455(o), the Secretary shall offer a Federal Direct Consolidation loan to any such borrower who applies for participation in such program. A direct consolidation loan offered under this paragraph shall, as requested by the borrower, be repaid either pursuant to income contingent repayment under part D of this title, pursuant to income-based repayment under section 493C, or pursuant to any other repayment provision under this section, except that if a borrower intends to be eligible to use the public service loan forgiveness program under section 455(m), such loan shall be repaid using one of the repayment options described in section 455(m)(1)(A). The Secretary shall not offer such loans if, in the Secretary's judgment, the Department of Education does not have the nec-

essary origination and servicing arrangements in place for such loans.

(6) NONDISCRIMINATION IN LOAN CONSOLIDATION.—An eligible lender that makes consolidation loans under this section shall not discriminate against any borrower seeking such a loan—

(A) based on the number or type of eligible student loans the borrower seeks to consolidate, except that a lender is not required to consolidate loans described in subparagraph (D) or (E) of subsection (a)(4) or subsection (d)(1)(C)(ii);

(B) based on the type or category of institution of higher education that the borrower attended;

(C) based on the interest rate to be charged to the borrower with respect to the consolidation loan; or

(D) with respect to the types of repayment schedules offered to such borrower.

(c) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) INTEREST RATE.—(A) Notwithstanding subparagraphs (B) and (C), with respect to any loan made under this section for which the application is received by an eligible lender—

(i) on or after October 1, 1998, and before July 1, 2006, the applicable interest rate shall be determined under section 427A(k)(4); or

(ii) on or after July 1, 2006, and that is disbursed before July 1, 2010, the applicable interest rate shall be determined under section 427A(l)(3).

(B) A consolidation loan made before July 1, 1994, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the greater of—

(i) the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent; or

(ii) 9 percent.

(C) A consolidation loan made on or after July 1, 1994, and disbursed before July 1, 2010, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the weighted average of the interest rates on the loans consolidated, rounded upward to the nearest whole percent.

(D) A consolidation loan for which the application is received by an eligible lender on or after the date of enactment of the Emergency Student Loan Consolidation Act of 1997 and before October 1, 1998, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the rate specified in section 427A(f), except that the eligible lender may continue to calculate interest on such a loan at the rate previously in effect and defer, until not later than April 1, 1998, the recalculation of the interest on such a loan at the rate required by this subparagraph if the recalculation is applied retroactively to the date on which the loan is made.

(2) REPAYMENT SCHEDULES.—(A) Notwithstanding any other provision of this part, to the extent authorized by its certificate of insurance under subsection (b)(2) and approved by the issuer of such certificate, the lender of a consolidation loan shall establish repayment terms as will promote the objectives of this

section, which shall include the establishment of graduated, income-sensitive, or income-based repayment schedules, established by the lender in accordance with the regulations of the Secretary. Except as required by such income-sensitive or income-based repayment schedules, or by the terms of repayment pursuant to income contingent repayment offered by the Secretary under subsection (b)(5), such repayment terms shall require that if the sum of the consolidation loan and the amount outstanding on other student loans to the individual—

(i) is less than \$7,500, then such consolidation loan shall be repaid in not more than 10 years;

(ii) is equal to or greater than \$7,500 but less than \$10,000, then such consolidation loan shall be repaid in not more than 12 years;

(iii) is equal to or greater than \$10,000 but less than \$20,000, then such consolidation loan shall be repaid in not more than 15 years;

(iv) is equal to or greater than \$20,000 but less than \$40,000, then such consolidation loan shall be repaid in not more than 20 years;

(v) is equal to or greater than \$40,000 but less than \$60,000, then such consolidation loan shall be repaid in not more than 25 years; or

(vi) is equal to or greater than \$60,000, then such consolidation loan shall be repaid in not more than 30 years.

(B) The amount outstanding on other student loans which may be counted for the purpose of subparagraph (A) may not exceed the amount of the consolidation loan.

(3) ADDITIONAL REPAYMENT REQUIREMENTS.—Notwithstanding paragraph (2)—

(A) except in the case of an income-based repayment schedule under section 493C, a repayment schedule established with respect to a consolidation loan shall require that the minimum installment payment be an amount equal to not less than the accrued unpaid interest;

(B) except as required by the terms of repayment pursuant to income contingent repayment offered by the Secretary under subsection (b)(5), the lender of a consolidation loan may, with respect to repayment on the loan, when the amount of a monthly or other similar payment on the loan is not a multiple of \$5, round the payment to the next highest whole dollar amount that is a multiple of \$5; and

(C) an income-based repayment schedule under section 493C shall not be available to a consolidation loan borrower who used the proceeds of the loan to discharge the liability on a loan under section 428B, or a Federal Direct PLUS loan, made on behalf of a dependent student.

(4) COMMENCEMENT OF REPAYMENT.—Repayment of a consolidation loan shall commence within 60 days after all holders have, pursuant to subsection (b)(1)(D), discharged the liability of the borrower on the loans selected for consolidation.

(5) INSURANCE PREMIUMS PROHIBITED.—No insurance premium shall be charged to the borrower on any consolidation loan, and no insurance premium shall be payable by the lender to the Secretary with respect to any such loan, but a fee may

be payable by the lender to the guaranty agency to cover the costs of increased or extended liability with respect to such loan.

(d) SPECIAL PROGRAM AUTHORIZED.—

(1) GENERAL RULE AND DEFINITION OF ELIGIBLE STUDENT LOAN.—

(A) IN GENERAL.—Subject to the provisions of this subsection, the Secretary or a guaranty agency shall enter into agreements with eligible lenders described in subparagraphs (A), (B), and (C) of subsection (a)(1) for the consolidation of eligible student loans.

(B) APPLICABILITY RULE.—Unless otherwise provided in this subsection, the agreements entered into under subparagraph (A) and the loans made under such agreements for the consolidation of eligible student loans under this subsection shall have the same terms, conditions, and benefits as all other agreements and loans made under this section.

(C) DEFINITION.—For the purpose of this subsection, the term “eligible student loans” means loans—

- (i) of the type described in subparagraphs (A), (B), and (C) of subsection (a)(4); and
- (ii) made under subpart I of part A of title VII of the Public Health Service Act.

(2) INTEREST RATE RULE.—

(A) IN GENERAL.—The portion of each consolidated loan that is attributable to an eligible student loan described in paragraph (1)(C)(ii) shall bear interest at a rate not to exceed the rate determined under subparagraph (B).

(B) DETERMINATION OF THE MAXIMUM INTEREST RATE.—For the 12-month period beginning after July 1, 1992, and for each 12-month period thereafter, beginning on July 1 and ending on June 30, the interest rate applicable under subparagraph (A) shall be equal to the average of the bond equivalent rates of the 91-day Treasury bills auctioned for the quarter prior to July 1, for each 12-month period for which the determination is made, plus 3 percent.

(C) PUBLICATION OF MAXIMUM INTEREST RATE.—The Secretary shall determine the applicable rate of interest under subparagraph (B) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of such determination.

(3) SPECIAL RULES.—

(A) NO SPECIAL ALLOWANCE RULE.—No special allowance under section 438 shall be paid with respect to the portion of any consolidated loan under this subsection that is attributable to any loan described in paragraph (1)(C)(ii).

(B) NO INTEREST SUBSIDY RULE.—No interest subsidy under section 428(a) shall be paid on behalf of any eligible borrower for any portion of a consolidated loan under this subsection that is attributable to any loan described in paragraph (1)(C)(ii).

(C) ADDITIONAL RESERVE RULE.—Notwithstanding any other provision of this Act, additional reserves shall not be

required for any guaranty agency with respect to a loan made under this subsection.

(D) INSURANCE RULE.—Any insurance premium paid by the borrower under subpart I of part A of title VII of the Public Health Service Act with respect to a loan made under that subpart and consolidated under this subsection shall be retained by the student loan insurance account established under section 710 of the Public Health Service Act.

(4) REGULATIONS.—The Secretary is authorized to promulgate such regulations as may be necessary to facilitate carrying out the provisions of this subsection.

(e) TERMINATION OF AUTHORITY.—The authority to make loans under this section expires at the close of June 30, 2010. No loan may be made under this section for which the disbursement is on or after July 1, 2010. Nothing in this section shall be construed to authorize the Secretary to promulgate rules or regulations governing the terms or conditions of the agreements and certificates under subsection (b). Loans made under this section which are insured by the Secretary shall be considered to be new loans made to students for the purpose of section 424(a).

(f) INTEREST PAYMENT REBATE FEE.—

(1) IN GENERAL.—For any month beginning on or after October 1, 1993, each holder of a consolidation loan under this section for which the first disbursement was made on or after October 1, 1993, shall pay to the Secretary, on a monthly basis and in such manner as the Secretary shall prescribe, a rebate fee calculated on an annual basis equal to 1.05 percent of the principal plus accrued unpaid interest on such loan.

(2) SPECIAL RULE.—For consolidation loans based on applications received during the period from October 1, 1998 through January 31, 1999, inclusive, the rebate described in paragraph (1) shall be equal to 0.62 percent of the principal plus accrued unpaid interest on such loan.

(3) DEPOSIT.—The Secretary shall deposit all fees collected pursuant to this subsection into the insurance fund established in section 431.

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SEC. 428F. DEFAULT REDUCTION PROGRAM.

(a) OTHER REPAYMENT INCENTIVES.—

(1) SALE OR ASSIGNMENT OF LOAN.—

(A) IN GENERAL.—Each guaranty agency, upon securing 9 payments made within 20 days of the due date during 10 consecutive months of amounts owed on a loan for which the Secretary has made a payment under paragraph (1) of section 428(c), shall—

(i) if practicable, sell the loan to an eligible lender; or

(ii) beginning July 1, 2014, assign the loan to the Secretary if the guaranty agency has been unable to sell the loan under clause (i).

(B) MONTHLY PAYMENTS.—Neither the guaranty agency nor the Secretary shall demand from a borrower as monthly payment amounts described in subparagraph (A) more

than is reasonable and affordable based on the borrower's total financial circumstances.

(C) CONSUMER REPORTING AGENCIES.—Upon the sale or assignment of the loan, the Secretary, guaranty agency or other holder of the loan shall request any consumer reporting agency to which the Secretary, guaranty agency or holder, as applicable, reported the default of the loan, to remove the record of the default from the borrower's credit history.

(D) DUTIES UPON SALE.—With respect to a sold under subparagraph (A)(i)—

(i) the guaranty agency—

(I) shall, in the case of a sale made on or after July 1, 2014, repay the Secretary 100 percent of the amount of the principal balance outstanding at the time of such sale, multiplied by the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

(II) may, in the case of a sale made on or after July 1, 2014, in order to defray collection costs—

(aa) charge to the borrower an amount not to exceed 16 percent of the outstanding principal and interest at the time of the loan sale; and

(bb) retain such amount from the proceeds of the loan sale; and

(ii) the Secretary shall reinstate the Secretary's obligation to—

(I) reimburse the guaranty agency for the amount that the agency may, in the future, expend to discharge the guaranty agency's insurance obligation; and

(II) pay to the holder of such loan a special allowance pursuant to section 438.

(E) DUTIES UPON ASSIGNMENT.—With respect to a loan assigned under subparagraph (A)(ii)—

(i) the guaranty agency shall add to the principal and interest outstanding at the time of the assignment of such loan an amount equal to the amount described in subparagraph (D)(i)(II)(aa); and

(ii) the Secretary shall pay the guaranty agency, for deposit in the agency's Operating Fund established pursuant to section 422B, an amount equal to the amount added to the principal and interest outstanding at the time of the assignment in accordance with clause (i).

(F) ELIGIBLE LENDER LIMITATION.—A loan shall not be sold to an eligible lender under subparagraph (A)(i) if such lender has been found by the guaranty agency or the Secretary to have substantially failed to exercise the due diligence required of lenders under this part.

(G) DEFAULT DUE TO ERROR.—A loan that does not meet the requirements of subparagraph (A) may also be eligible for sale or assignment under this paragraph upon a deter-

mination that the loan was in default due to clerical or data processing error and would not, in the absence of such error, be in a delinquent status.

(2) **USE OF PROCEEDS OF SALES.**—Amounts received by the Secretary pursuant to the sale of such loans by a guaranty agency under paragraph (1)(A)(i) shall be deducted from the calculations of the amount of reimbursement for which the agency is eligible under paragraph (1)(D)(ii)(I) for the fiscal year in which the amount was received, notwithstanding the fact that the default occurred in a prior fiscal year.

(3) **BORROWER ELIGIBILITY.**—Any borrower whose loan is sold or assigned under paragraph (1)(A) shall not be precluded by section 484 from receiving additional loans or grants under this title (for which he or she is otherwise eligible) on the basis of defaulting on the loan prior to such loan sale or assignment.

(4) **APPLICABILITY OF GENERAL LOAN CONDITIONS.**—A loan that is sold or assigned under paragraph (1) shall, so long as the borrower continues to make scheduled repayments thereon, be subject to the same terms and conditions and qualify for the same benefits and privileges as other loans made under this part.

(5) **LIMITATION.**—A borrower may obtain the benefits available under this subsection with respect to rehabilitating a loan (whether by loan sale or assignment) only **[one time]** *two times* per loan.

(b) **SATISFACTORY REPAYMENT ARRANGEMENTS TO RENEW ELIGIBILITY.**—Each guaranty agency shall establish a program which allows a borrower with a defaulted loan or loans to renew eligibility for all title IV student financial assistance (regardless of whether the defaulted loan has been sold to an eligible lender or assigned to the Secretary) upon the borrower's payment of 6 consecutive monthly payments. The guaranty agency shall not demand from a borrower as a monthly payment amount under this subsection more than is reasonable and affordable based upon the borrower's total financial circumstances. A borrower may only obtain the benefit of this subsection with respect to renewed eligibility once.

(c) **FINANCIAL AND ECONOMIC LITERACY.**—Each program described in subsection (b) shall include making available financial and economic education materials for a borrower who has rehabilitated a loan.

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SEC. 428H. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-INCOME BORROWERS.

(a) **IN GENERAL.**—It is the purpose of this section to authorize insured loans under this part that are first disbursed before July 1, 2010, for borrowers who do not qualify for Federal interest subsidy payments under section 428 of this Act. Except as provided in this section, all terms and conditions for Federal Stafford loans established under section 428 shall apply to loans made pursuant to this section.

(b) **ELIGIBLE BORROWERS.**—Prior to July 1, 2010, any student meeting the requirements for student eligibility under section 484 (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be entitled to borrow an

unsubsidized Federal Stafford Loan for which the first disbursement is made before such date if the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, has—

(1) determined and documented the student's need for the loan based on the student's estimated cost of attendance (as determined under section 472) and the student's estimated financial assistance, including a loan which qualifies for interest subsidy payments under section 428; and

(2) provided the lender a statement—

(A) certifying the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c); and

(B) setting forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.

(c) DETERMINATION OF AMOUNT OF LOAN.—The determination of the amount of a loan by an eligible institution under subsection (b) shall be calculated by subtracting from the estimated cost of attendance at the eligible institution any estimated financial assistance reasonably available to such student. An eligible institution may not, in carrying out the provisions of subsection (b) of this section, provide a statement which certifies the eligibility of any student to receive any loan under this section in excess of the amount calculated under the preceding sentence.

(d) LOAN LIMITS.—

(1) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), the annual and aggregate limits for loans under this section shall be the same as those established under section 428(b)(1), less any amount received by such student pursuant to the subsidized loan program established under section 428.

(2) LIMITS FOR GRADUATE, PROFESSIONAL, AND INDEPENDENT POSTBACCALAUREATE STUDENTS.—

(A) ANNUAL LIMITS.—The maximum annual amount of loans under this section a graduate or professional student, or a student described in clause (ii), may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the amount determined under paragraph (1), plus—

(i) in the case of such a student who is a graduate or professional student attending an eligible institution, \$12,000; and

(ii) notwithstanding paragraph (4), in the case of an independent student, or a dependent student whose parents are unable to borrow under section 428B or the Federal Direct PLUS Loan Program, who has obtained a baccalaureate degree and who is enrolled in coursework specified in paragraph (3)(B) or (4)(B) of section 484(b)—

(I) \$7,000 for coursework necessary for enrollment in a graduate or professional program; and

(II) \$7,000 for coursework necessary for a professional credential or certification from a State

required for employment as a teacher in an elementary or secondary school, except in cases where the Secretary determines that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education, but the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit.

(B) AGGREGATE LIMIT.—The maximum aggregate amount of loans under this section a student described in subparagraph (A) may borrow shall be the amount described in paragraph (1), adjusted to reflect the increased annual limits described in subparagraph (A), as prescribed by the Secretary by regulation.

(3) LIMITS FOR UNDERGRADUATE DEPENDENT STUDENTS.—

(A) ANNUAL LIMITS.—The maximum annual amount of loans under this section an undergraduate dependent student (except an undergraduate dependent student whose parents are unable to borrow under section 428B or the Federal Direct PLUS Loan Program) may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the sum of the amount determined under paragraph (1), plus \$2,000.

(B) AGGREGATE LIMITS.—The maximum aggregate amount of loans under this section a student described in subparagraph (A) may borrow shall be \$31,000.

(4) LIMITS FOR UNDERGRADUATE INDEPENDENT STUDENTS.—

(A) ANNUAL LIMITS.—The maximum annual amount of loans under this section an undergraduate independent student, or an undergraduate dependent student whose parents are unable to borrow under section 428B or the Federal Direct PLUS Loan Program, may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the sum of the amount determined under paragraph (1), plus—

(i) in the case of such a student attending an eligible institution who has not completed such student's first 2 years of undergraduate study—

(I) \$6,000, if such student is enrolled in a program whose length is at least one academic year in length; or

(II) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;

(ii) in the case of such a student at an eligible institution who has successfully completed such first and second years but has not successfully completed the remainder of a program of undergraduate education—

(I) \$7,000; or

(II) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year; and

(iii) in the case of such a student enrolled in coursework specified in—

(I) section 484(b)(3)(B), \$6,000; or

(II) section 484(b)(4)(B), \$7,000.

(B) AGGREGATE LIMITS.—The maximum aggregate amount of loans under this section a student described in subparagraph (A) may borrow shall be \$57,500.

(5) CAPITALIZED INTEREST.—Interest capitalized *before the date of enactment of the College Cost Reduction Act* shall not be deemed to exceed a maximum aggregate amount determined under subparagraph (B) of paragraph (2), (3), or (4).

(e) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) COMMENCEMENT OF REPAYMENT.—Repayment of principal on loans made under this section shall begin at the beginning of the repayment period described in section 428(b)(7). Not less than 30 days prior to the anticipated commencement of such repayment period, the holder of such loan shall provide notice to the borrower that interest will accrue before repayment begins and of the borrower's option to begin loan repayment at an earlier date.

(2) CAPITALIZATION OF INTEREST.—(A) Except as provided in subparagraph (C), interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or for which payments are deferred under sections 427(a)(2)(C) and 428(b)(1)(M) shall, if agreed upon by the borrower and the lender—

[(i) be paid monthly or quarterly; or

[(ii) be added to the principal amount of the loan by the lender only—

[(I) when the loan enters repayment;

[(II) at the expiration of a grace period, in the case of a loan that qualifies for a grace period;

[(III) at the expiration of a period of deferment or forbearance; or

[(IV) when the borrower defaults.] *be paid monthly or quarterly, if agreed upon by the borrower and the lender.*

[(B) The capitalization of interest described in subparagraph (A) shall not be deemed to exceed the annual insurable limit on account of the student.]

[(C)] (B) Interest shall not accrue on a loan deferred under section 428(b)(1)(M)(v) or 427(a)(2)(C)(iv).

(3) SUBSIDIES PROHIBITED.—No payments to reduce interest costs shall be paid pursuant to section 428(a) of this part on loans made pursuant to this section.

(4) APPLICABLE RATES OF INTEREST.—Interest on loans made pursuant to this section shall be at the applicable rate of interest provided in section 427A.

(5) AMORTIZATION.—The amount of the periodic payment and the repayment schedule for any loan made pursuant to this section shall be established by assuming an interest rate equal to the applicable rate of interest at the time the repayment of the principal amount of the loan commences. At the option of the lender, the note or other written evidence of the loan may require that—

(A) the amount of the periodic payment will be adjusted annually; or

(B) the period of repayment of principal will be lengthened or shortened,

in order to reflect adjustments in interest rates occurring as a consequence of section 427A(c)(4).

(6) REPAYMENT PERIOD.—For purposes of calculating the repayment period under section 428(b)(9), such period shall commence at the time the first payment of principal is due from the borrower.

(7) QUALIFICATION FOR FORBEARANCE.—A lender may grant the borrower of a loan under this section a forbearance for a period not to exceed 60 days if the lender reasonably determines that such a forbearance from collection activity is warranted following a borrower's request for forbearance, deferment, or a change in repayment plan, or a request to consolidate loans in order to collect or process appropriate supporting documentation related to the request. During any such period, interest on the loan shall accrue but not be capitalized.

(g) SINGLE APPLICATION FORM AND LOAN REPAYMENT SCHEDULE.—A guaranty agency shall use a single application form and a single repayment schedule for subsidized Federal Stafford loans made pursuant to section 428 and for unsubsidized Federal Stafford loans made pursuant to this section.

(h) INSURANCE PREMIUM.—Each State or nonprofit private institution or organization having an agreement with the Secretary under section 428(b)(1) may charge a borrower under this section an insurance premium equal to not more than 1.0 percent of the principal amount of the loan, if such premium will not be used for incentive payments to lenders. Effective for loans for which the date of guarantee of principal is on or after July 1, 2006, and that are first disbursed before July 1, 2010, in lieu of the insurance premium authorized under the preceding sentence, each State or nonprofit private institution or organization having an agreement with the Secretary under section 428(b)(1) shall collect and deposit into the Federal Student Loan Reserve Fund under section 422A, a Federal default fee of an amount equal to 1.0 percent of the principal amount of the loan, which fee shall be collected either by deduction from the proceeds of the loan or by payment from other non-Federal sources. The Federal default fee shall not be used for incentive payments to lenders.

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PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

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SEC. 454. AGREEMENTS WITH INSTITUTIONS.

(a) PARTICIPATION AGREEMENTS.—An agreement with any institution of higher education for participation in the direct student loan program under this part shall—

(1) provide for the establishment and maintenance of a direct student loan program at the institution under which the institution will—

(A) identify eligible students who seek student financial assistance at such institution in accordance with section 484;

(B) estimate the need of each such student as required by part F of this title for an academic year, except that, any loan obtained by a student under this part with the same terms as loans made under section 428H (except as otherwise provided in this part), or a loan obtained by a parent under this part with the same terms as loans made under section 428B (except as otherwise provided in this part), or obtained under any State-sponsored or private loan program, may be used to offset the expected family contribution of the student for that year;

(C) provide a statement that certifies the eligibility of any student to receive a loan under this part that is not in excess of the annual or aggregate limit applicable to such loan, except that the institution may, in exceptional circumstances identified by the Secretary, refuse to certify a statement that permits a student to receive a loan under this part, or certify a loan amount that is less than the student's determination of need (as determined under part F of this title), if the reason for such action is documented and provided in written form to such student;

(D) set forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; and

(E) provide timely and accurate information—

(i) concerning the status of student borrowers (and students on whose behalf parents borrow under this part) while such students are in attendance at the institution and concerning any new information of which the institution becomes aware for such students (or their parents) after such borrowers leave the institution, to the Secretary for the servicing and collecting of loans made under this part; and

(ii) if the institution does not have an agreement with the Secretary under subsection (b), concerning student eligibility and need, as determined under subparagraphs (A) and (B), to the Secretary as needed for the alternative origination of loans to eligible students and parents in accordance with this part;

(2) provide assurances that the institution will comply with requirements established by the Secretary relating to student loan information with respect to loans made under this part;

(3) provide that the institution accepts responsibility and financial liability stemming from its failure to perform its functions pursuant to the agreement;

(4) provide for the implementation of a quality assurance system, as established by the Secretary and developed in consultation with institutions of higher education, to ensure that the institution is complying with program requirements and meeting program objectives;

(5) provide that the institution will not charge any fees of any kind, however described, to student or parent borrowers for origination activities or the provision of any information necessary for a student or parent to receive a loan under this part, or any benefits associated with such loan; **[and]**

(6) provide annual reimbursements to the Secretary in accordance with the requirements under subsection (d); and

[(6)] (7) include such other provisions as the Secretary determines are necessary to protect the interests of the United States and to promote the purposes of this part.

(b) ORIGINATION.—An agreement with any institution of higher education, or consortia thereof, for the origination of loans under this part shall—

(1) supplement the agreement entered into in accordance with subsection (a);

(2) include provisions established by the Secretary that are similar to the participation agreement provisions described in paragraphs (1)(E)(ii), (2), (3), (4), (5), and (6) of subsection (a), as modified to relate to the origination of loans by the institution or consortium;

(3) provide that the institution or consortium will originate loans to eligible students and parents in accordance with this part; and

(4) provide that the note or evidence of obligation on the loan shall be the property of the Secretary.

(c) WITHDRAWAL AND TERMINATION PROCEDURES.—The Secretary shall establish procedures by which institutions or consortia may withdraw or be terminated from the program under this part.

(d) REIMBURSEMENT REQUIREMENTS.—

(1) ANNUAL REIMBURSEMENTS REQUIRED.—Beginning in award year 2024–2025, each institution of higher education participating in the direct student loan program under this part shall, for qualifying student loans, remit to the Secretary, at such time as the Secretary may specify, an annual reimbursement for each student cohort of the institution, based on the non-repayment balance of such cohort and calculated in accordance with paragraph (3).

(2) STUDENT COHORTS.—

(A) COHORTS ESTABLISHED.—For each institution of higher education, the Secretary shall establish student cohorts, beginning with award year 2023–2024, as follows:

(i) COMPLETING STUDENT COHORT.—For each program of study at such institution, a student cohort comprised of all students who received Federal finan-

cial assistance under this title and who completed such program during such award year.

(ii) *UNDERGRADUATE NON-COMPLETING STUDENT COHORT.*—For such institution, a student cohort comprised of all students who received Federal financial assistance under this title, who were enrolled in the institution during the previous award year in a program of study leading to an undergraduate credential, and who at the time the cohort is established—

(I) have not completed such program of study; and

(II) are not enrolled at the institution in any program of study leading to an undergraduate credential.

(iii) *GRADUATE NON-COMPLETING STUDENT COHORT.*—For each program of study leading to a graduate credential at such institution, a student cohort comprised of all students who received Federal financial assistance under this title, who were enrolled in such program during the previous award year, and who at the time the cohort is established—

(I) have not completed such program of study; and

(II) are not enrolled in such program.

(B) *QUALIFYING STUDENT LOAN.*—For the purposes of this subsection, the term “qualifying student loan” means a Federal Direct loan, including a Federal Direct Consolidation loan, made under this part that—

(i) was made to a student included in a student cohort of an institution;

(ii) except in the case of a loan described in clause (i) or (ii) of subparagraph (C), is not included in any other student cohort of any institution of higher education;

(iii) is not in—

(I) a medical or dental internship or residency forbearance described in section 428(c)(3)(A)(i)(I), section 428B(a)(2), section 428H(a), or section 685.205(a)(3) of title 34, Code of Federal Regulations;

(II) a graduate fellowship deferment described in section 455(f)(2)(A)(ii)

(III) rehabilitation training program deferment described under section 455(f)(2)(A)(ii);

(IV) an in-school deferment described under section 455(f)(2)(A)(i);

(V) a cancer deferment described under section 455(f)(3);

(VI) a military service deferment described under section 455(f)(2)(C); or

(VII) a post-active duty student deferment described under section 493D; and

(iv) is not in default.

(C) *SPECIAL CIRCUMSTANCES.*—

(i) *MULTIPLE CREDENTIALS.*—In the case of a student who completes two or more programs of study during the same award year, each qualifying student loan of the student shall be included in the student cohort for each of such program of study for such award year.

(ii) *TREATMENT OF CERTAIN CONSOLIDATION LOANS.*—A Federal Direct Consolidation loan made under this title shall not be considered a qualifying student loan for a student cohort for an award year if all of the loans included in such consolidation loan are attributable to another student cohort.

(iii) *CONSOLIDATION AFTER INCLUSION IN A STUDENT COHORT.*—If a qualifying student loan is consolidated into a consolidation loan under this title after such qualifying student loan has been included in a student cohort, the percentage of the consolidation loan that was attributable to such student cohort at the time of consolidation shall remain attributable to the student cohort for the life of the consolidation loan.

(3) *CALCULATION OF REIMBURSEMENT.*—

(A) *REIMBURSEMENT PAYMENT FORMULA.*—For each student cohort of an institution of higher education established under this subsection, the annual reimbursement for such cohort shall be equal to—

(i) the reimbursement percentage determined for the cohort in accordance with subparagraph (B); multiplied by

(ii) the non-repayment balance for the cohort for the award year, determined in accordance with subparagraph (C).

(B) *REIMBURSEMENT PERCENTAGE.*—The reimbursement percentage of a student cohort of an institution shall be determined by the Secretary when the cohort is established, shall remain constant for the life of the student cohort, and shall be determined as follows:

(i) *COMPLETING STUDENT COHORTS.*—The reimbursement percentage of a completing student cohort shall be equal to the percentage determined by—

(I) subtracting from one the quotient of—

(aa) the median value-added earnings of students who completed such program of study in the most recent award year for which such earnings data is available; divided by

(bb) the median total price charged to students included in such cohort; and

(II) multiplying the difference determined under subclause (I) by 100.

(ii) *SPECIAL CIRCUMSTANCES FOR COMPLETING STUDENT COHORTS.*—

(I) *HIGH-RISK COHORTS.*—Notwithstanding clause (i), if the median value-added earnings of a completing student cohort under clause (i)(I)(aa) is negative, the reimbursement percentage of the student cohort shall be 100 percent.

(II) *LOW-RISK COHORTS.*—*Notwithstanding clause (i), if the median value-added earnings of a completing student cohort under clause (i)(I)(aa) exceeds the median total price of such cohort under clause (i)(I)(bb), the reimbursement percentage of the student cohort shall be 0 percent.*

(iii) *NON-COMPLETING STUDENT COHORTS.*—*The reimbursement percentage of a non-completing student cohort shall be determined based on the most recent data available in the award year in which the cohort is established, and—*

(I) for an undergraduate non-completing student cohort, shall be equal to the percentage of undergraduate students who received Federal financial assistance under this title at such institution who—

(aa) did not complete an undergraduate program of study at the institution within 150 percent of the program length of such program; or

(bb) only in the case of a two-year institution, did not, within 6 years after first enrolling at the two-year institution, complete a program of study at a four-year institution for which a bachelor's degree (or substantially similar credential) is awarded; and

(II) for a graduate non-completing student cohort, shall be equal to the percentage of students who received Federal financial assistance under this title at the institution for the applicable graduate program of study and who did not complete such program of study within 150 percent of the program length.

(C) *NON-REPAYMENT LOAN BALANCE.*—

(i) IN GENERAL.—*For each award year, the Secretary shall determine the non-repayment loan balance for such award year for each student cohort of an institution of higher education by calculating the sum of—*

(I) for loans in such cohort, the difference between the total amount of payments due from all borrowers on such loans during such year and the total amount of payments made by all such borrowers on such loans during such year; plus

(II) the total amount of interest waived, paid, or otherwise not charged by the Secretary during such year under an income-based repayment plan described in section 493C or an income-contingent repayment plan described in section 455(e); plus

(III) the total amount of principal and interest forgiven, cancelled, waived, discharged, repaid, or otherwise reduced by the Secretary under any act during such year that is not included in subclause (II) and was not discharged or forgiven under section 437(a) or 428J.

(ii) *SPECIAL CIRCUMSTANCES.*—For the purpose of calculating the non-repayment loan balance of student cohorts under this paragraph, the Secretary shall—

(I) for each qualifying student loan in a student cohort that is included in another student cohort because the student who borrowed such loan completed two or more programs of study during the same award year, the sum of the amounts described in subclauses (I) through (III) of clause (i) for such qualifying student loan shall be divided equally among each of the student cohorts in which such loan is included; and

(II) for each consolidation loan in a student cohort—

(aa) determine the percentage of the outstanding principal balance of the consolidation loan attributable to such student cohort—

(AA) at the time of that loan was included in such cohort, in the case of a loan consolidated before inclusion in such cohort; or

(BB) at the time of consolidation, in the case of a loan consolidated after inclusion in such cohort; and

(bb) include in the calculations under clause (i) for such student cohort only the percentage of the sum of the amounts described in subclauses (I) through (III) of clause (i) for the consolidation loan for such year that is equal to the percentage of the consolidation loan determined under item (aa).

(D) *TOTAL PRICE.*—With respect to a student who received Federal financial assistance under this title and who completes a program of study, the term “total price” means the total amount, before Federal financial assistance under this title was applied, a student was required to pay to complete the program of study. A student’s total price shall be calculated by the Secretary as the difference between—

(i) the total amount of tuition and fees (including the required costs described in section 124(b)(3)(A)(i)(I)) that were charged to such student before the application of any Federal financial assistance provided under this title; minus

(ii) the total amount of grants and scholarships described in section 480(i) awarded to such student from non-Federal sources for such program of study.

(4) *NOTIFICATION AND REMITTANCE.*—Beginning with the first award year for which reimbursements are required under this subsection, and for each succeeding award year, the Secretary shall—

(A) notify each institution of higher education of the amounts and due dates of each annual reimbursement calculated under paragraph (3) for each student cohort of the institution within 30 days of calculating such amounts; and

(B) require the institution to remit such payments within 90 days of such notification.

(5) **PENALTY FOR LATE PAYMENTS.**—

(A) **THREE-MONTH DELINQUENCY.**—If an institution fails to remit to the Secretary a reimbursement for a student cohort as required under this subsection within 90 days of receiving notification from the Secretary in accordance with paragraph (4), the institution shall pay to the Secretary, in addition to such reimbursement, interest on such reimbursement payment, at a rate that is the average rate applicable to the loans in such student cohort.

(B) **TWELVE-MONTH DELINQUENCY.**—If an institution fails to remit to the Secretary a reimbursement for a student cohort as required under this subsection, plus interest owed in under subparagraph (A), within 12 months of receiving notification from the Secretary in accordance with paragraph (4), the institution shall be ineligible to make direct loans to any student enrolled in the program of study for which the institution has failed to make the reimbursement payments until such payment is made.

(C) **EIGHTEEN-MONTH DELINQUENCY.**—If an institution fails to remit to the Secretary a reimbursement for a student cohort as required under this subsection, plus interest owed under subparagraph (A), within 18 months of receiving notification from the Secretary in accordance with paragraph (4), the institution shall be ineligible to make direct loans or award Federal Pell Grants under section 401 to any student enrolled in the institution until such payment is made.

(D) **TWO-YEAR DELINQUENCY.**—If an institution fails to remit to the Secretary a reimbursement for a student cohort as required under this subsection, plus interest owed under subparagraph (A), within 2 years of receiving notification from the Secretary in accordance with paragraph (4), the institution shall be ineligible to participate in any program under this title for a period of not less than 10 years.

(6) **RELIEF FOR VOLUNTARY CESSATION OF FEDERAL DIRECT LOANS FOR A PROGRAM OF STUDY.**—The Secretary shall, upon the request of an institution that voluntarily ceases to make Federal direct loans to students enrolled in a specific program of study, reduce the amount of the annual reimbursement owed by the institution for each student cohort associated with such program by 50 percent if the institution assures the Secretary that the institution will not make Federal direct loans to any student enrolled in such program of study (or any substantially similar program of study) for a period of not less than 10 award years, beginning with the first award year that begins after the date on which the Secretary reduces such reimbursement.

(7) **RESERVATION OF FUNDS FOR PROMISE GRANTS.**—Notwithstanding any other provision of law, the Secretary shall reserve the funds remitted to the Secretary as reimbursements in accordance with this subsection, and such funds shall be made available to the Secretary only for the purpose of awarding

PROMISE grants in accordance with subpart 4 of part A of this title.

SEC. 455. TERMS AND CONDITIONS OF LOANS.

(a) IN GENERAL.—

(1) PARALLEL TERMS, CONDITIONS, BENEFITS, AND AMOUNTS.—Unless otherwise specified in this part, loans made to borrowers under this part shall have the same terms, conditions, and benefits, and be available in the same amounts, as loans made to borrowers, and first disbursed on June 30, 2010, under sections 428, 428B, 428C, and 428H of this title.

(2) DESIGNATION OF LOANS.—Loans made to borrowers under this part that, except as otherwise specified in this part, have the same terms, conditions, and benefits as loans made to borrowers under—

(A) section 428 shall be known as “Federal Direct Stafford Loans”;

(B) section 428B shall be known as “Federal Direct PLUS Loans”;

(C) section 428C shall be known as “Federal Direct Consolidation Loans”; and

(D) section 428H shall be known as “Federal Direct Unsubsidized Stafford Loans”.

(3) TERMINATION OF AUTHORITY TO MAKE INTEREST SUBSIDIZED LOANS TO GRADUATE AND PROFESSIONAL STUDENTS.—

(A) IN GENERAL.—Subject to subparagraph (B) and notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2012—

(i) a graduate or professional student shall not be eligible to receive a Federal Direct Stafford loan under this part; and

(ii) the maximum annual amount of Federal Direct Unsubsidized Stafford loans such a student may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the maximum annual amount for such student determined under section 428H, plus an amount equal to the amount of Federal Direct Stafford loans the student would have received in the absence of this subparagraph, *except that for any period of instruction beginning on or after July 1, 2025, such maximum annual amount shall be determined in accordance with subparagraph (C).*

(B) EXCEPTION.—Subparagraph (A) shall not apply to an individual enrolled in course work specified in paragraph (3)(B) or (4)(B) of section 484(b) *for any period of instruction through June 30, 2025.*

(C) ANNUAL LIMITS.—*Notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2025, the maximum annual amount of Federal Direct Unsubsidized Stafford loans that a graduate or professional student may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be median cost of college (as defined in section 472A) of the program of study in which the student is enrolled, except that the sum of such annual loan amount and other financial assistance (as defined in section 480(i)) that the stu-*

dent receives for such academic year may not exceed the cost of attendance of such student.

(D) *AGGREGATE LIMITS.*—Notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2025, the maximum aggregate amount of Federal Direct Unsubsidized Stafford loans that—

- (i) a graduate student may borrow shall be \$100,000; and
- (ii) a professional student may borrow shall be \$150,000.

(E) *EXCEPTION FOR CERTAIN STUDENTS.*—

(i) *IN GENERAL.*—The provisions listed in clause (ii) shall not apply with respect to any individual who, as of June 30, 2025, is enrolled in a program of study at an institution of higher education, and has received a loan (or on whose behalf a loan was made) under this part for such program, during the individual's expected time to completion of such program, as determined by calculating by the difference between—

(I) the program length for the program of study in which such individual is enrolled; and

(II) the period of such program that such individual has completed,

except that such expected time to completion may not exceed 3 years.

(ii) *PROVISIONS.*—An individual described in clause (i) shall not be subject to subparagraphs (C) and (D) of this paragraph, or paragraph (4) or (6).

(4) *ANNUAL AND AGGREGATE LOAN LIMITS FOR UNDERGRADUATE AND ALL BORROWERS.*—

(A) *UNDERGRADUATE STUDENTS.*—

(i) *ANNUAL LOAN LIMITS.*—

(I) *SUBSIDIZED LOANS.*—Notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2025, the maximum annual amount of Federal Direct Stafford loans that an undergraduate student may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the difference between—

(aa) the median cost of college (as defined in section 472A) of the program of study in which the student is enrolled; and

(bb) the Federal Pell Grant under section 401 awarded to the student for such academic year,

except that (1) the amount of such Federal Direct Stafford loans awarded to the student for such academic year may not exceed the maximum annual limit described in section 428(b)(1) that is applicable to such student; and (2) the sum of such Federal Direct Stafford Loans and the amount of such Federal Pell Grant and other financial assistance (as defined in section 480(i)) that the student

receives for such academic year may not exceed the cost of attendance of such student.

(II) *UNSUBSIDIZED LOANS.*—Notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2025, the maximum annual amount of Federal Direct Unsubsidized Stafford loans that an undergraduate student may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the difference between—

(aa) the median cost of college (as defined in section 472A) of the program of study in which the student is enrolled; and

(bb) the sum of—

(AA) the amount of Federal Direct Stafford loans awarded to such student for such academic year; and

(BB) the amount of the Federal Pell Grant under section 401 awarded to the student for such academic year,

except that the sum of all Federal financial aid under this title and other financial assistance (as defined in section 480(i)) that such student receives for such academic year may not exceed the cost of attendance for such student.

(ii) *AGGREGATE LIMITS.*—Notwithstanding any provision of this part or part B, for any period of instruction beginning on or after July 1, 2025, with respect to an undergraduate student—

(I) the maximum aggregate amount of Federal Direct Stafford loans and Federal Direct Unsubsidized Stafford loans that may be borrowed shall be \$50,000;

(II) the maximum aggregate amount of Federal Direct Stafford loans that may be borrowed shall be \$23,000; and

(III) the maximum aggregate amount of Federal Direct Unsubsidized Stafford loans that may be borrowed shall be \$50,000.

(B) *STUDENTS IN A QUALIFYING UNDERGRADUATE PROGRAM.*—

(i) *AGGREGATE LIMITS.*—Notwithstanding the aggregate limits described in subparagraph (A)(ii), a student enrolled in a qualifying undergraduate program shall be subject to the aggregate limits for professional students described in paragraph (3)(D)(ii).

(ii) *QUALIFYING UNDERGRADUATE PROGRAM DEFINED.*—For purposes of this subparagraph, the term “qualifying undergraduate program” means a program of study—

(I) for which the total tuition and fees (including the required costs described in section 124(b)(3)(A)(i)(I)) exceeds the aggregate limits for

undergraduate students described in subparagraph (A)(ii);

(II) that meets certification requirements of the Federal agency that directly regulates the program and provides final licensing and credentials to students upon completion; and

(III) the institution of higher education offering such program of study notifies the Secretary that the program desires to be a qualifying undergraduate program.

(C) ALL STUDENTS.—The maximum aggregate amount of loans made, insured, or guaranteed under this title to a student shall be \$200,000.

(5) INSTITUTIONALLY DETERMINED LIMITS.—

(A) IN GENERAL.—Notwithstanding any other provision of this subsection, an eligible institution (at the discretion of a financial aid administrator at the institution) may prorate or limit the amount of a loan any student who is enrolled in a program of study for a period of instruction beginning on or after July 1, 2024, at that institution, may borrow under this part for an academic year—

(i) if the institution can reasonably demonstrate that outstanding amounts owed of loans made under this title are or would be excessive for students who complete such program, based on the most recently available data from the College Scorecard (or successor website of the Department) on—

(I) the median of the value-added earnings of students who complete such program; and

(II) the median debt owed, and the repayment rate, on loans made under this part, of such students;

(ii) in a case in which the student is enrolled on a less than full-time basis or the student is enrolled for less than the period of enrollment to which the annual loan limit applies under this subsection, based on the student's enrollment status; or

(iii) based on the year of the program for which the student is seeking such loan.

(B) APPLICATION TO ALL STUDENTS.—Any proration or limiting of loan amounts under subparagraph (A) shall be applied in the same manner to all students enrolled in a program of study.

(C) INCREASES FOR INDIVIDUAL STUDENTS.—Upon the request of a student whose loan amount for an academic year has been prorated or limited under subparagraph (A), an eligible institution (at the discretion of the financial aid administrator at the institution) may increase such loan amount to an amount not exceeding the annual loan amount applicable to such student under this paragraph for such academic year.

(6) TERMINATION OF AUTHORITY TO MAKE FEDERAL DIRECT PLUS LOANS.—*Notwithstanding any provision of this part or part B, except as provided in paragraph (3)(E), for any period of instruction beginning on or after July 1, 2025, no Federal Di-*

rect PLUS loans may be made to any parent borrower or graduate or professional student borrower.

(b) INTEREST RATE.—

(1) RATES FOR FDSL AND FDUSL.—For Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

(B) 3.1 percent, except that such rate shall not exceed 8.25 percent.

(2) IN SCHOOL AND GRACE PERIOD RULES.—(A) Notwithstanding the provisions of paragraph (1), but subject to paragraph (3), with respect to any Federal Direct Stafford Loan or Federal Direct Unsubsidized Stafford Loan for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

(i) prior to the beginning of the repayment period of the loan; or

(ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall not exceed the rate determined under subparagraph (B).

(B) For the purpose of subparagraph (A), the rate determined under this subparagraph shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction prior to such June 1; plus

(ii) 2.5 percent, except that such rate shall not exceed 8.25 percent.

(3) OUT-YEAR RULE.—Notwithstanding paragraphs (1) and (2), for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of the security with a comparable maturity as established by the Secretary; plus

(B) 1.0 percent, except that such rate shall not exceed 8.25 percent.

(4) RATES FOR FDPLUS.—

(A)(i) For Federal Direct PLUS Loans for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on or before June 30, 2001, be determined on the preceding June 1 and be equal to—

(I) the bond equivalent rate of 52-week Treasury bills auctioned at final auction held prior to such June 1; plus

(II) 3.1 percent,

except that such rate shall not exceed 9 percent.

(ii) For any 12-month period beginning on July 1 of 2001 or any succeeding year, the applicable rate of interest determined under this subparagraph shall be determined on the preceding June 26 and be equal to—

(I) the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the last calendar week ending on or before such June 26; plus

(II) 3.1 percent,

except that such rate shall not exceed 9 percent.

(B) For Federal Direct PLUS loans made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(i) the bond equivalent rate of the security with a comparable maturity as established by the Secretary; plus

(ii) 2.1 percent,

except that such rate shall not exceed 9 percent.

(5) TEMPORARY INTEREST RATE PROVISION.—

(A) RATES FOR FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 1998, and before October 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

(ii) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

(B) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding the preceding paragraphs of this subsection, with respect to any Federal Direct Stafford Loan or Federal Direct Unsubsidized Stafford Loan for which the first disbursement is made on or after July 1, 1998, and before October 1, 1998, the applicable rate of interest for interest which accrues—

(i) prior to the beginning of the repayment period of the loan; or

(ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under subparagraph (A) by substituting “1.7 percent” for “2.3 percent”.

(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, with respect to Federal Direct PLUS Loan for which the first disbursement is made on or after July 1, 1998, and before October 1, 1998, the applicable rate of interest shall be determined under subparagraph (A)—

- (i) by substituting “3.1 percent” for “2.3 percent”; and
- (ii) by substituting “9.0 percent” for “8.25 percent”.

(6) INTEREST RATE PROVISION FOR NEW LOANS ON OR AFTER OCTOBER 1, 1998, AND BEFORE JULY 1, 2006.—

(A) RATES FOR FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after October 1, 1998, and before July 1, 2006, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

- (i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus
- (ii) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

(B) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding the preceding paragraphs of this subsection, with respect to any Federal Direct Stafford Loan or Federal Direct Unsubsidized Stafford Loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2006, the applicable rate of interest for interest which accrues—

- (i) prior to the beginning of the repayment period of the loan; or
- (ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under subparagraph (A) by substituting “1.7 percent” for “2.3 percent”.

(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, with respect to Federal Direct PLUS Loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2006, the applicable rate of interest shall be determined under subparagraph (A)—

- (i) by substituting “3.1 percent” for “2.3 percent”; and
- (ii) by substituting “9.0 percent” for “8.25 percent”.

(D) CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation loan for which the application is received on or after February 1, 1999, and before July 1, 2006, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the lesser of—

- (i) the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent; or
- (ii) 8.25 percent.

(E) TEMPORARY RULES FOR CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation loan for which the appli-

cation is received on or after October 1, 1998, and before February 1, 1999, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to—

- (i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

- (ii) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

(7) INTEREST RATE PROVISION FOR NEW LOANS ON OR AFTER JULY 1, 2006 AND BEFORE JULY 1, 2013.—

(A) RATES FOR FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 2006, and before July 1, 2013, the applicable rate of interest shall be 6.8 percent on the unpaid principal balance of the loan.

(B) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, with respect to any Federal Direct PLUS loan for which the first disbursement is made on or after July 1, 2006, and before July 1, 2013, the applicable rate of interest shall be 7.9 percent on the unpaid principal balance of the loan.

(C) CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation loan for which the application is received on or after July 1, 2006, and before July 1, 2013, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the lesser of—

- (i) the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent; or

- (ii) 8.25 percent.

(D) REDUCED RATES FOR UNDERGRADUATE FDSL.—Notwithstanding the preceding paragraphs of this subsection and subparagraph (A) of this paragraph, for Federal Direct Stafford Loans made to undergraduate students for which the first disbursement is made on or after July 1, 2006, and before July 1, 2013, the applicable rate of interest shall be as follows:

- (i) For a loan for which the first disbursement is made on or after July 1, 2006, and before July 1, 2008, 6.8 percent on the unpaid principal balance of the loan.

- (ii) For a loan for which the first disbursement is made on or after July 1, 2008, and before July 1, 2009, 6.0 percent on the unpaid principal balance of the loan.

- (iii) For a loan for which the first disbursement is made on or after July 1, 2009, and before July 1, 2010, 5.6 percent on the unpaid principal balance of the loan.

- (iv) For a loan for which the first disbursement is made on or after July 1, 2010, and before July 1, 2011,

4.5 percent on the unpaid principal balance of the loan.

(v) For a loan for which the first disbursement is made on or after July 1, 2011, and before July 1, 2013, 3.4 percent on the unpaid principal balance of the loan.

(8) INTEREST RATE PROVISIONS FOR NEW LOANS ON OR AFTER JULY 1, 2013.—

(A) RATES FOR UNDERGRADUATE FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans issued to undergraduate students, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to the lesser of—

(i) a rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 2.05 percent; or

(ii) 8.25 percent.

(B) RATES FOR GRADUATE AND PROFESSIONAL FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Unsubsidized Stafford Loans issued to graduate or professional students, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to the lesser of—

(i) a rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 3.6 percent; or

(ii) 9.5 percent.

(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct PLUS Loans, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to the lesser of—

(i) a rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 4.6 percent; or

(ii) 10.5 percent.

(D) CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation Loan for which the application is received on or after July 1, 2013, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent.

(E) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this paragraph after con-

sultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

(F) RATE.—The applicable rate of interest determined under this paragraph for a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct PLUS Loan shall be fixed for the period of the loan.

(9) REPAYMENT INCENTIVES.—

(A)(A) INCENTIVES FOR LOANS DISBURSED BEFORE JULY 1, 2012.—Notwithstanding any other provision of this part with respect to loans for which the first disbursement of principal is made before July 1, 2012,, the Secretary is authorized to prescribe by regulation such reductions in the interest or origination fee rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment of the loan. Such reductions may be offered only if the Secretary determines the reductions are cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions shall be completely offset by corresponding savings in funds available for the William D. Ford Federal Direct Loan Program in that fiscal year from section 458 and other administrative accounts.

(B) ACCOUNTABILITY.—Prior to publishing regulations proposing repayment incentives with respect to loans for which the first disbursement of principal is made before July 1, 2012, the Secretary shall ensure the cost neutrality of such reductions. The Secretary shall not prescribe such regulations in final form unless an official report from the Director of the Office of Management and Budget to the Secretary and a comparable report from the Director of the Congressional Budget Office to the Congress each certify that any such reductions will be completely cost neutral. Such reports shall be transmitted to the authorizing committees not less than 60 days prior to the publication of regulations proposing such reductions.

(C) NO REPAYMENT INCENTIVES FOR NEW LOANS DISBURSED ON OR AFTER JULY 1, 2012.—Notwithstanding any other provision of this part, the Secretary is prohibited from authorizing or providing any repayment incentive not otherwise authorized under this part to encourage on-time repayment of a loan under this part for which the first disbursement of principal is made on or after July 1, 2012, including any reduction in the interest or origination fee rate paid by a borrower of such a loan, except that the Secretary may provide for an interest rate reduction for a borrower who agrees to have payments on such a loan automatically electronically debited from a bank account.

(10) PUBLICATION.—The Secretary shall determine the applicable rates of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(c) LOAN FEE.—

[(1) IN GENERAL.—The Secretary shall charge the borrower of a loan made under this part an origination fee of 4.0 percent of the principal amount of loan.

[(2) SUBSEQUENT REDUCTION.—Paragraph (1) shall be applied to loans made under this part, other than Federal Direct Consolidation loans and Federal Direct PLUS loans—

[(A) by substituting “3.0 percent” for “4.0 percent” with respect to loans for which the first disbursement of principal is made on or after the date of enactment of the Higher Education Reconciliation Act of 2005, and before July 1, 2007;

[(B) by substituting “2.5 percent” for “4.0 percent” with respect to loans for which the first disbursement of principal is made on or after July 1, 2007, and before July 1, 2008;

[(C) by substituting “2.0 percent” for “4.0 percent” with respect to loans for which the first disbursement of principal is made on or after July 1, 2008, and before July 1, 2009;

[(D) by substituting “1.5 percent” for “4.0 percent” with respect to loans for which the first disbursement of principal is made on or after July 1, 2009, and before July 1, 2010; and

[(E) by substituting “1.0 percent” for “4.0 percent” with respect to loans for which the first disbursement of principal is made on or after July 1, 2010.]]

(d) REPAYMENT PLANS.—

(1) DESIGN AND SELECTION.—Consistent with criteria established by the Secretary, the Secretary shall offer a borrower of a loan made under this part a variety of plans for repayment of such loan, including principal and interest on the loan. The borrower shall be entitled to accelerate, without penalty, repayment on the borrower’s loans under this part. The borrower may choose—

(A) a standard repayment plan, consistent with subsection (a)(1) of this section and with section 428(b)(9)(A)(i);

(B) a graduated repayment plan, consistent with section 428(b)(9)(A)(ii);

(C) an extended repayment plan, consistent with section 428(b)(9)(A)(iv), except that the borrower shall annually repay a minimum amount determined by the Secretary in accordance with section 428(b)(1)(L);

(D) an income contingent repayment plan (*including a repayment assistance plan under section 455(e)(9)*), with varying annual repayment amounts based on the income of the borrower, paid over an extended period of time prescribed by the Secretary, not to exceed 25 years, except that the plan described in this subparagraph shall not be available to the borrower of a Federal Direct PLUS loan made on behalf of a dependent student; and

(E) beginning on July 1, 2009, an income-based repayment plan that enables borrowers who have a partial financial hardship to make a lower monthly payment in accordance with section 493C, except that the plan described

in this subparagraph shall not be available to the borrower of a Federal Direct PLUS Loan made on behalf of a dependent student or a Federal Direct Consolidation Loan, if the proceeds of such loan were used to discharge the liability on such Federal Direct PLUS Loan or a loan under section 428B made on behalf of a dependent student.

(2) **SELECTION BY SECRETARY.**—If a borrower of a loan made under this part does not select a repayment plan described in paragraph (1), the Secretary may provide the borrower with a repayment plan described in subparagraph (A), (B), or (C) of paragraph (1).

(3) **CHANGES IN SELECTIONS.**—The borrower of a loan made under this part may change the borrower's selection of a repayment plan under paragraph (1), or the Secretary's selection of a plan for the borrower under paragraph (2), as the case may be, under such terms and conditions as may be established by the Secretary.

(4) **ALTERNATIVE REPAYMENT PLANS.**—The Secretary may provide, on a case by case basis, an alternative repayment plan to a borrower of a loan made under this part who demonstrates to the satisfaction of the Secretary that the terms and conditions of the repayment plans available under paragraph (1) are not adequate to accommodate the borrower's exceptional circumstances. In designing such alternative repayment plans, the Secretary shall ensure that such plans do not exceed the cost to the Federal Government, as determined on the basis of the present value of future payments by such borrowers, of loans made using the plans available under paragraph (1).

(5) **REPAYMENT AFTER DEFAULT.**—The Secretary may require any borrower who has defaulted on a loan made under this part to—

(A) pay all reasonable collection costs associated with such loan; and

(B) repay the loan pursuant to an income contingent repayment plan.

(6) **REPAYMENT PLANS FOR LOANS MADE ON OR AFTER JULY 1, 2024.**—

(A) **DESIGN AND SELECTION.**—*Notwithstanding paragraph (1), beginning on July 1, 2024, the Secretary shall offer a borrower of a loan made under this part on or after July 1, 2024, two plans for repayment of such loan, including principal and interest on the loan. The borrower shall be entitled to accelerate, without penalty, repayment on such loans. The borrower may choose—*

(i) a standard repayment plan with a fixed monthly repayment amount paid over a fixed period of time, not to exceed 10 years; or

(ii) a repayment assistance plan under section 455(e)(9).

(B) **SELECTION BY SECRETARY.**—*If such borrower does not select a repayment plan described in subparagraph (A), the Secretary shall provide the borrower with the repayment plan described in subparagraph (A)(i).*

(C) **CHANGES IN SELECTION.**—

(i) *IN GENERAL.*—Subject to clause (ii), a borrower may change the borrower's selection of a repayment plan under subparagraph (A), or the Secretary's selection of a plan for the borrower under subparagraph (B), as the case may be. Nothing in this subsection shall prohibit the Secretary from encouraging distressed borrowers from enrolling in the repayment assistance plan under section 455(e)(9).

(ii) *SAME REPAYMENT PLAN REQUIRED.*—All loans made under this part on or after July 1, 2024, to a borrower shall be repaid under the same repayment plan under subparagraph (A), except that the borrower may repay an excepted *PLUS* loan or an excepted consolidation loan (as such terms are defined in section 455(e)(9)) separately from other loans made under this part to the borrower.

(D) *REPAYMENT AFTER DEFAULT.*—The Secretary may require a borrower who has defaulted on a loan made under this part to—

(i) pay all reasonable collection costs associated with such loan; and

(ii) repay the loan pursuant to the repayment assistance plan under section 455(e)(9).

(E) *PROHIBITIONS.*—The Secretary may not—

(i) authorize a borrower of a loan made under this part on or after July 1, 2024, to repay such loan pursuant to a repayment plan that is not described in clause (i) or (ii) of subparagraph (A); or

(ii) carry out or modify a repayment plan for any loan made under this part on or after July 1, 2024, that is not described in such clause (i) or (ii).

(e) *INCOME CONTINGENT REPAYMENT.*—

(1) *INFORMATION AND PROCEDURES.*—The Secretary may obtain such information as is reasonably necessary regarding the income of a borrower (and the borrower's spouse, if applicable) of a loan made under this part that is, or may be, repaid pursuant to income contingent repayment, for the purpose of determining the annual repayment obligation of the borrower. Returns and return information (as defined in section 6103 of the Internal Revenue Code of 1986) may be obtained under the preceding sentence only to the extent authorized by section 6103(l)(13) of such Code. The Secretary shall establish procedures for determining the borrower's repayment obligation on that loan for such year, and such other procedures as are necessary to implement effectively income contingent repayment.

(2) *REPAYMENT BASED ON ADJUSTED GROSS INCOME.*—A repayment schedule for a loan made under this part and repaid pursuant to income contingent repayment shall be based on the adjusted gross income (as defined in section 62 of the Internal Revenue Code of 1986) of the borrower or, if the borrower is married and files a Federal income tax return jointly with the borrower's spouse, on the adjusted gross income of the borrower and the borrower's spouse.

(3) *ADDITIONAL DOCUMENTS.*—A borrower who chooses, or is required, to repay a loan made under this part pursuant to in-

come contingent repayment, and for whom adjusted gross income is unavailable or does not reasonably reflect the borrower's current income, shall provide to the Secretary other documentation of income satisfactory to the Secretary, which documentation the Secretary may use to determine an appropriate repayment schedule.

(4) REPAYMENT SCHEDULES.—Income contingent repayment schedules shall be established by regulations promulgated by the Secretary and shall require payments that vary in relation to the appropriate portion of the annual income of the borrower (and the borrower's spouse, if applicable) as determined by the Secretary.

(5) CALCULATION OF BALANCE DUE.—The balance due on a loan made under this part that is repaid pursuant to income contingent repayment shall equal the unpaid principal amount of the loan, any accrued interest, and any fees, such as late charges, assessed on such loan. **[The Secretary may promulgate regulations limiting the amount of interest that may be capitalized on such loan, and the timing of any such capitalization.]** *No interest may be capitalized on such loan on or after the date of the enactment of the College Cost Reduction Act, and the Secretary shall promulgate regulations with respect to the treatment of accrued interest that is not capitalized*

(6) NOTIFICATION TO BORROWERS.—The Secretary shall establish procedures under which a borrower of a loan made under this part who chooses or is required to repay such loan pursuant to income contingent repayment is notified of the terms and conditions of such plan, considers that special circumstances, such as a loss of employment by the borrower or the borrower's spouse, warrant an adjustment in the borrower's loan repayment, the borrower may contact the Secretary, who shall determine whether such adjustment is appropriate, in accordance with criteria established by the Secretary.

(7) MAXIMUM REPAYMENT PERIOD.—In calculating the extended period of time for which an income contingent repayment plan under this subsection may be in effect for a borrower, the Secretary shall include all time periods during which a borrower of loans under part B, part D, or part E—

(A) is not in default on any loan that is included in the income contingent repayment plan; and

(B)(i) is in deferment due to an economic hardship described in section 435(o);

(ii) makes monthly payments under paragraph (1) or (6) of section 493C(b);

(iii) makes monthly payments of not less than the monthly amount calculated under section 428(b)(9)(A)(i) or subsection (d)(1)(A), based on a 10-year repayment period, when the borrower first made the election described in section 493C(b)(1);

(iv) makes payments of not less than the payments required under a standard repayment plan under section 428(b)(9)(A)(i) or subsection (d)(1)(A) with a repayment period of 10 years; or

(v) makes payments under an income contingent repayment plan under subsection (d)(1)(D).

(8) AUTOMATIC RECERTIFICATION.—

(A) IN GENERAL.—The Secretary shall establish and implement, with respect to any borrower described in subparagraph (B), procedures to—

(i) use return information disclosed under section 6103(l)(13) of the Internal Revenue Code of 1986, pursuant to approval provided under section 494, to determine the repayment obligation of the borrower without further action by the borrower;

(ii) allow the borrower (or the spouse of the borrower), at any time, to opt out of disclosure under such section 6103(l)(13) and instead provide such information as the Secretary may require to determine the repayment obligation of the borrower (or withdraw from the repayment plan under this subsection); and

(iii) provide the borrower with an opportunity to update the return information so disclosed before the determination of the repayment obligation of the borrower.

(B) APPLICABILITY.—Subparagraph (A) shall apply to each borrower of a loan made under this part who, on or after the date on which the Secretary establishes procedures under such subparagraph—

(i) selects, or is required to repay such loan pursuant to, an income-contingent repayment plan; or

(ii) recertifies income or family size under such plan.

(9) REPAYMENT ASSISTANCE PLAN.—

(A) IN GENERAL.—*Notwithstanding any other provision of this Act, beginning on July 1, 2024, the Secretary shall carry out a repayment assistance program that shall have the terms and conditions of an income-contingent repayment plan described in paragraphs (1) through (8), except that—*

(i) a borrower of any loan made under this part (other than an excepted PLUS loan or excepted consolidation loan), may elect to have the borrower's aggregate monthly payment for all such loans not exceed the applicable monthly payment for the borrower, except that a borrower may not be precluded from repaying an amount that exceeds such applicable monthly payment for any month;

(ii) the Secretary shall apply the borrower's monthly payment under this paragraph first toward interest due on such a loan, next toward any fees due on the loan, and then toward the principal of the loan;

(iii) any principal due and not paid under clause (ii) shall be deferred;

(iv) the amount of time the borrower makes monthly payments under clause (i) may exceed 10 years;

(v) notwithstanding paragraph (7), the Secretary shall repay or cancel any outstanding balance of principal and interest due on all loans made under this part (other than excepted PLUS loans or excepted consolidation loans) to a borrower—

(I) who, at any time, elected to participate in a repayment assistance plan under clause (i);

(II) whose final monthly payment for such loans prior to the loan cancellation under this clause was made under such repayment assistance plan; and

(III) who has repaid on such loans (pursuant to a repayment assistance plan under clause (i), a standard repayment plan under subsection (d)(6)(A)(i), or a combination of any such plan or any of the repayment plans listed in clause (ii), (iii), (iv), or (v) of paragraph (7)(B), or, in the case of a consolidation loan, pursuant to a repayment schedule described item (aa)(BB) of this subclause) an amount that is equal to—

(aa)(AA) the total amount of principal and interest that the borrower would have repaid under a standard repayment plan under paragraph (1)(A) or (6)(A)(i) of subsection (d), based on a 10-year repayment period, when the borrower entered repayment on such loans; or

(BB) in the case of a Federal Direct Consolidation Loan, the total amount of principal and interest that the borrower would have repaid under the repayment schedule established for the loan under section 428C(c)(2) on the date on which such loan was made; plus

(bb) an amount equal to the amount of any unpaid interest that has accrued, but was not included in the calculation of the total amount of principal and interest that would have been repaid under the standard repayment plan or schedule described in item (aa)—

(AA) during any deferment period described in clause (i) or (ii) of subsection (f)(2)(A); or

(BB) during any forbearance period while serving in a medical or dental internship or residency program as described in section 428(c)(3)(A)(i)(I); and

(vi) a borrower who is repaying a loan pursuant to a repayment assistance plan under clause (i) may elect, at any time, to terminate repayment pursuant to such plan and repay such loan under the standard repayment plan under subsection (d)(6)(A)(i).

(B) REPAYMENT ASSISTANCE FOR DISTRESSED BORROWERS.—

(i) **INTEREST SUBSIDY.**—For each month for which a borrower's aggregate monthly payment under this paragraph is insufficient to pay the total amount of interest that accrues on a loan for the month, the amount of interest accrued and not paid for the month shall be subtracted from the total amount of interest due on such loan for the month.

(ii) *PRINCIPAL SUBSIDY.*—For each month for which a borrower's aggregate monthly payment under this paragraph repays an amount due on an individual loan that is less than twice the total amount of interest that accrues on such loan for the month, the amount of the total principal due on such loan shall be reduced by an amount equal to half of the monthly payment under this paragraph on such loan for the month.

(C) *DEFINITIONS.*—In this paragraph:

(i) *ADJUSTED GROSS INCOME.*—The term “adjusted gross income” has the meaning given the term in section 62 of the Internal Revenue Code of 1986.

(ii) *APPLICABLE MONTHLY PAYMENT.*—The term “applicable monthly payment” means, when used with respect to a borrower, the amount obtained by dividing by 12, 10 percent of the result obtained by calculating, on at least an annual basis, the amount by which—

(I) the adjusted gross income of the borrower or, if the borrower is married and files a Federal income tax return jointly with or separately from the borrower's spouse, the adjusted gross income of the borrower and the borrower's spouse; exceeds

(II) 150 percent of the poverty line applicable to the borrower's family size as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

(iii) *EXCEPTED CONSOLIDATION LOAN.*—The term “excepted Consolidation Loan” means a Federal Direct Consolidation Loan, if the proceeds of such loan were used to the discharge the liability on—

(I) an excepted PLUS loan; or

(II) a Federal Direct Consolidation loan, if the proceeds of such loan were used to discharge the liability on an excepted PLUS loan.

(iv) *EXCEPTED PLUS LOAN.*—The term “excepted PLUS Loan” has the meaning given the term in section 493C.

(f) *DEFERMENT.*—

(1) *EFFECT ON PRINCIPAL AND INTEREST.*—A borrower of a loan made under this part who meets the requirements described in paragraph (2) shall be eligible for a deferment, during which periodic installments of principal need not be paid, and interest—

(A) shall not accrue, in the case of a—

(i) Federal Direct Stafford Loan; or

(ii) a Federal Direct Consolidation Loan that consolidated only Federal Direct Stafford Loans, or a combination of such loans and Federal Stafford Loans for which the student borrower received an interest subsidy under section 428; or

(B) shall accrue and be [capitalized or] paid by the borrower, in the case of a Federal Direct PLUS Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct Consolidation Loan not described in subparagraph (A)(ii).

(2) ELIGIBILITY.—A borrower of a loan made under this part shall be eligible for a deferment during any period—

(A) during which the borrower—

(i) is carrying at least one-half the normal full-time work load for the course of study that the borrower is pursuing, as determined by the eligible institution (as such term is defined in section 435(a)) the borrower is attending; or

(ii) is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for individuals with disabilities approved by the Secretary, except that no borrower shall be eligible for a deferment under this subparagraph, or a loan made under this part (other than a Federal Direct PLUS Loan or a Federal Direct Consolidation Loan), while serving in a medical internship or residency program;

(B) not in excess of 3 years during which the borrower is seeking and unable to find full-time employment;

(C) during which the borrower—

(i) is serving on active duty during a war or other military operation or national emergency; or

(ii) is performing qualifying National Guard duty during a war or other military operation or national emergency,

and for the 180-day period following the demobilization date for the service described in clause (i) or (ii); or

(D) not in excess of 3 years during which the Secretary determines, in accordance with regulations prescribed under section 435(o), that the borrower has experienced or will experience an economic hardship.

(3) DEFERMENT FOR BORROWERS RECEIVING CANCER TREATMENT.—

(A) EFFECT ON PRINCIPAL AND INTEREST.—A borrower of a loan made under this part who meets the requirements of subparagraph (B) shall be eligible for a deferment, during which periodic installments of principal need not be paid, and interest shall not accrue.

(B) ELIGIBILITY.—A borrower of a loan made under this part shall be eligible for a deferment during—

(i) any period in which such borrower is receiving treatment for cancer; and

(ii) the 6 months after such period.

(C) APPLICABILITY.—This paragraph shall apply with respect to loans—

(i) made on or after the date of the enactment of this paragraph; or

(ii) in repayment on the date of the enactment of this paragraph.

(4) DEFERMENT FOR DISLOCATED MILITARY SPOUSES.—

(A) DURATION AND EFFECT ON PRINCIPAL AND INTEREST.—A borrower of a loan made under this part who meets the requirements of subparagraph (B) shall be eligible for a deferment for an aggregate period of 180 days,

during which periodic installments of principal need not be paid, and interest—

(i) shall not accrue, in the case of a—

(I) Federal Direct Stafford Loan; or

(II) a Federal Direct Consolidation Loan that consolidated only Federal Direct Stafford Loans, or a combination of such loans and Federal Stafford Loans for which the student borrower received an interest subsidy under section 428; or

(ii) shall accrue and be capitalized or paid by the borrower, in the case of a Federal Direct PLUS Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct Consolidation Loan not described in clause (i)(II).

(B) ELIGIBILITY.—A borrower of a loan made under this part shall be eligible for a deferment under subparagraph (A) if the borrower—

(i) is the spouse of a member of the Armed Forces serving on active duty; and

(ii) has experienced a loss of employment as a result of relocation to accommodate a permanent change in duty station of such member.

(C) DOCUMENTATION AND APPROVAL.—

(i) IN GENERAL.—A borrower may establish eligibility for a deferment under subparagraph (A) by providing to the Secretary—

(I) the documentation described in clause (ii); or

(II) such other documentation as the Secretary determines appropriate.

(ii) DOCUMENTATION.—The documentation described in this clause is—

(I) evidence that the borrower is the spouse of a member of the Armed Forces serving on active duty;

(II) evidence that a military permanent change of station order was issued to such member; and

(III)(aa) evidence that the borrower is eligible for unemployment benefits due to a loss of employment resulting from relocation to accommodate such permanent change in duty station; or

(bb) a written certification, or an equivalent as approved by the Secretary, that the borrower is registered with a public or private employment agency due to a loss of employment resulting from relocation to accommodate such permanent change in duty station.

(5) DEFINITION OF BORROWER.—For the purpose of this subsection, the term “borrower” means an individual who is a new borrower on the date such individual applies for a loan under this part for which the first disbursement is made on or after July 1, 1993.

(6) DEFERMENTS FOR PREVIOUS PART B LOAN BORROWERS.—A borrower of a loan made under this part, who at the time such individual applies for such loan, has an outstanding balance of principal or interest owing on any loan made, insured, or guar-

anteed under part B of title IV prior to July 1, 1993, shall be eligible for a deferment under section 427(a)(2)(C) or section 428(b)(1)(M) as such sections were in effect on July 22, 1992.

(g) **FEDERAL DIRECT CONSOLIDATION LOANS.**—

(1) **IN GENERAL.**—A borrower of a loan made under this part may consolidate such loan with the loans described in section 428C(a)(4), including any loan made under part B and first disbursed before July 1, 2010. To be eligible for a consolidation loan under this part, a borrower shall meet the eligibility criteria set forth in section 428C(a)(3).

(2) **SEPARATING JOINT CONSOLIDATION LOANS.**—

(A) **IN GENERAL.**—

(i) **AUTHORIZATION.**—A married couple, or 2 individuals who were previously a married couple, and who received a joint consolidation loan as such married couple under subparagraph (C) of section 428C(a)(3) (as such subparagraph was in effect on June 30, 2006), may apply to the Secretary, in accordance with subparagraph (C) of this paragraph, for each individual borrower in the married couple (or previously married couple) to receive a separate Federal Direct Consolidation Loan under this part.

(ii) **ELIGIBILITY FOR BORROWERS IN DEFAULT.**—Notwithstanding any other provision of this Act, a married couple, or 2 individuals who were previously a married couple, who are in default on a joint consolidation loan may be eligible to receive a separate Federal Direct Consolidation Loan under this part in accordance with this paragraph.

(B) **SECRETARIAL REQUIREMENTS.**—Notwithstanding section 428C(a)(3)(A) or any other provision of law, for each individual borrower who applies under subparagraph (A), the Secretary shall—

(i) make a separate Federal Direct Consolidation Loan under this part that—

(I) shall be for an amount equal to the product of—

(aa) the unpaid principal and accrued unpaid interest of the joint consolidation loan (as of the date that is the day before such separate consolidation loan is made) and any outstanding charges and fees with respect to such loan; and

(bb) the percentage of the joint consolidation loan attributable to the loans of the individual borrower for whom such separate consolidation loan is being made, as determined—

(AA) on the basis of the loan obligations of such borrower with respect to such joint consolidation loan (as of the date such joint consolidation loan was made); or

(BB) in the case in which both borrowers request, on the basis of propo-

tions outlined in a divorce decree, court order, or settlement agreement; and

(II) has the same rate of interest as the joint consolidation loan (as of the date that is the day before such separate consolidation loan is made); and

(ii) in a timely manner, notify each individual borrower that the joint consolidation loan had been repaid and of the terms and conditions of their new loans.

(C) APPLICATION FOR SEPARATE DIRECT CONSOLIDATION LOAN.—

(i) JOINT APPLICATION.—Except as provided in clause (ii), to receive separate consolidation loans under this part, both individual borrowers in a married couple (or previously married couple) shall jointly apply under subparagraph (A).

(ii) SEPARATE APPLICATION.—An individual borrower in a married couple (or previously married couple) may apply for a separate consolidation loan under subparagraph (A) separately and without regard to whether or when the other individual borrower in the married couple (or previously married couple) applies under subparagraph (A), in a case in which—

(I) the individual borrower certifies to the Secretary that such borrower—

(aa) has experienced an act of domestic violence (as defined in section 40002 of the Violence Against Women Act of 1994 (34 U.S.C. 12291) from the other individual borrower;

(bb) has experienced economic abuse (as defined in section 40002 of the Violence Against Women Act of 1994 (34 U.S.C. 12291) from the other individual borrower; or

(cc) is unable to reasonably reach or access the loan information of the other individual borrower; or

(II) the Secretary determines that authorizing each individual borrower to apply separately under subparagraph (A) would be in the best fiscal interests of the Federal Government.

(iii) REMAINING OBLIGATION FROM SEPARATE APPLICATION.—In the case of an individual borrower who receives a separate consolidation loan due to the circumstances described in clause (ii), the other non-applying individual borrower shall become solely liable for the remaining balance of the joint consolidation loan.

(h) BORROWER DEFENSES.—Notwithstanding any other provision of State or Federal law, the Secretary shall specify in regulations which acts or omissions of an institution of higher education a borrower may assert as a defense to repayment of a loan made under this part, except that in no event may a borrower recover from the Secretary, in any action arising from or relating to a loan made

under this part, an amount in excess of the amount such borrower has repaid on such loan.

(i) **LOAN APPLICATION AND PROMISSORY NOTE.**—The common financial reporting form required in section 483(a)(1) shall constitute the application for loans made under this part (other than a Federal Direct PLUS loan). The Secretary shall develop, print, and distribute to participating institutions a standard promissory note and loan disclosure form.

(j) **LOAN DISBURSEMENT.**—

(1) **IN GENERAL.**—Proceeds of loans to students under this part shall be applied to the student's account for tuition and fees, and, in the case of institutionally owned housing, to room and board. Loan proceeds that remain after the application of the previous sentence shall be delivered to the borrower by check or other means that is payable to and requires the endorsement or other certification by such borrower.

(2) **PAYMENT PERIODS.**—The Secretary shall establish periods for the payments described in paragraph (1) in a manner consistent with payment of Federal Pell Grants under subpart 1 of part A of this title.

(k) **FISCAL CONTROL AND FUND ACCOUNTABILITY.**—

(1) **IN GENERAL.**—(A) An institution shall maintain financial records in a manner consistent with records maintained for other programs under this title.

(B) Except as otherwise required by regulations of the Secretary an institution may maintain loan funds under this part in the same account as other Federal student financial assistance.

(2) **PAYMENTS AND REFUNDS.**—Payments and refunds shall be reconciled in a manner consistent with the manner set forth for the submission of a payment summary report required of institutions participating in the program under subpart 1 of part A, except that nothing in this paragraph shall prevent such reconciliations on a monthly basis.

(3) **TRANSACTION HISTORIES.**—All transaction histories under this part shall be maintained using the same system designated by the Secretary for the provision of Federal Pell Grants under subpart 1 of part A of this title.

(l) **ARMED FORCES AND NOAA COMMISSIONED OFFICER CORPS STUDENT LOAN INTEREST PAYMENT PROGRAMS.**—

(1) **AUTHORITY.**—Using funds received by transfer to the Secretary under section 2174 of title 10, United States Code, or section 268 of the National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 for the payment of interest on a loan made under this part to a member of the Armed Forces or an officer in the commissioned officer corps of the National Oceanic and Atmospheric Administration, respectively, the Secretary shall pay the interest on the loan as due for a period not in excess of 36 consecutive months. The Secretary may not pay interest on such a loan out of any funds other than funds that have been so transferred.

(2) **FORBEARANCE.**—During the period in which the Secretary is making payments on a loan under paragraph (1), the Secretary shall grant the borrower forbearance, in the form of a temporary cessation of all payments on the loan other than the

payments of interest on the loan that are made under that paragraph.

(m) REPAYMENT PLAN FOR PUBLIC SERVICE EMPLOYEES.—

(1) IN GENERAL.—The Secretary shall cancel the balance of interest and principal due, in accordance with paragraph (2), on any eligible Federal Direct Loan not in default for a borrower who—

(A) has made 120 monthly payments on the eligible Federal Direct Loan after October 1, 2007, pursuant to any one or a combination of the following—

(i) payments under an income-based repayment plan under section 493C;

(ii) payments under a standard repayment plan under subsection (d)(1)(A), based on a 10-year repayment period;

(iii) monthly payments under a repayment plan under subsection (d)(1) or (g) of not less than the monthly amount calculated under subsection (d)(1)(A), based on a 10-year repayment period; or

(iv) payments under an income contingent repayment plan under subsection (d)(1)(D); and

(B)(i) is employed in a public service job at the time of such forgiveness; and

(ii) has been employed in a public service job during the period in which the borrower makes each of the 120 payments described in subparagraph (A).

(2) LOAN CANCELLATION AMOUNT.—After the conclusion of the employment period described in paragraph (1), the Secretary shall cancel the obligation to repay the balance of principal and interest due as of the time of such cancellation, on the eligible Federal Direct Loans made to the borrower under this part.

(3) DEFINITIONS.—In this subsection:

(A) ELIGIBLE FEDERAL DIRECT LOAN.—The term “eligible Federal Direct Loan” means a Federal Direct Stafford Loan, Federal Direct PLUS Loan, or Federal Direct Unsubsidized Stafford Loan, or a Federal Direct Consolidation Loan.

(B) PUBLIC SERVICE JOB.—The term “public service job” means—

(i) a full-time job in emergency management, government (excluding time served as a member of Congress), military service, public safety, law enforcement, public health (including nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in health care practitioner occupations and health care support occupations, as such terms are defined by the Bureau of Labor Statistics), public education, social work in a public child or family service agency, public interest law services (including prosecution or public defense or legal advocacy on behalf of low-income communities at a nonprofit organization), early childhood education (including licensed or regulated childcare, Head Start, and State funded pre-kindergarten), public service for individuals with dis-

abilities, public service for the elderly, public library sciences, school-based library sciences and other school-based services, or at an organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

(ii) teaching as a full-time faculty member at a Tribal College or University as defined in section 316(b) and other faculty teaching in high-needs subject areas or areas of shortage (including nurse faculty, foreign language faculty, and part-time faculty at community colleges), as determined by the Secretary.

(4) INELIGIBILITY FOR DOUBLE BENEFITS.—No borrower may, for the same service, receive a reduction of loan obligations under both this subsection and section 428J, 428K, 428L, or 460.

(n) IDENTITY FRAUD PROTECTION.—The Secretary shall take such steps as may be necessary to ensure that monthly Federal Direct Loan statements and other publications of the Department do not contain more than four digits of the Social Security number of any individual.

(o) NO ACCRUAL OF INTEREST FOR ACTIVE DUTY SERVICE MEMBERS.—

(1) IN GENERAL.—Notwithstanding any other provision of this part and in accordance with paragraphs (2) and (4), interest shall not accrue for an eligible military borrower on a loan made under this part for which the first disbursement is made on or after October 1, 2008.

(2) CONSOLIDATION LOANS.—In the case of any consolidation loan made under this part that is disbursed on or after October 1, 2008, interest shall not accrue pursuant to this subsection only on such portion of such loan as was used to repay a loan made under this part for which the first disbursement is made on or after October 1, 2008.

(3) ELIGIBLE MILITARY BORROWER.—In this subsection, the term “eligible military borrower” means an individual who—

(A)(i) is serving on active duty during a war or other military operation or national emergency; or

(ii) is performing qualifying National Guard duty during a war or other military operation or national emergency; and

(B) is serving in an area of hostilities in which service qualifies for special pay under section 310, or paragraph (1) or (3) of section 351(a), of title 37, United States Code.

(4) LIMITATION.—An individual who qualifies as an eligible military borrower under this subsection may receive the benefit of this subsection for not more than 60 months.

(p) DISCLOSURES.—Each institution of higher education with which the Secretary has an agreement under section 453, and each contractor with which the Secretary has a contract under section 456, shall, with respect to loans under this part and in accordance with such regulations as the Secretary shall prescribe, comply with each of the requirements under section 433 that apply to a lender with respect to a loan under part B.

SEC. 456. CONTRACTS.**(a) CONTRACTS FOR SUPPLIES AND SERVICES.—**

(1) **IN GENERAL.**—The Secretary shall, to the extent practicable, award contracts for origination, servicing, and collection described in subsection (b). In awarding such contracts, the Secretary shall ensure that such services and supplies are provided at competitive prices.

(2) **ENTITIES.**—The entities with which the Secretary may enter into contracts shall include only entities which the Secretary determines are qualified to provide such services and supplies and will comply with the procedures applicable to the award of such contracts. In the case of awarding contracts for the origination, servicing, and collection of loans under this part, the Secretary shall enter into contracts only with entities that have extensive and relevant experience and demonstrated effectiveness. The entities with which the Secretary may enter into such contracts shall include, where practicable, agencies with agreements with the Secretary under sections 428(b) and (c), if such agencies meet the qualifications as determined by the Secretary under this subsection and if those agencies have such experience and demonstrated effectiveness. In awarding contracts to such State agencies, the Secretary shall, to the extent practicable and consistent with the purposes of this part, give special consideration to State agencies with a history of high quality performance to perform services for institutions of higher education within their State.

(3) **RULE OF CONSTRUCTION.**—Nothing in this section shall be construed as a limitation of the authority of any State agency to enter into an agreement for the purposes of this section as a member of a consortium of State agencies.

(b) CONTRACTS FOR ORIGINATION, SERVICING, AND DATA SYSTEMS.—The Secretary may enter into contracts for—

(1) the alternative origination of loans to students attending institutions of higher education with agreements to participate in the program under this part (or their parents), if such institutions do not have agreements with the Secretary under section 454(b);

(2) the servicing and collection of loans made or purchased under this part;

(3) the establishment and operation of 1 or more data systems for the maintenance of records on all loans made or purchased under this part; and

(4) such other aspects of the direct student loan program as the Secretary determines are necessary to ensure the successful operation of the program.

(c) FEDERAL PREEMPTION.—

(1) **IN GENERAL.**—*Covered activities shall not be subject to any law or other requirement of any State or political subdivision of a State with respect to—*

(A) disclosure requirements;

(B) requirements or restrictions on the content, time, quantity, or frequency of communications with borrowers, endorsers, or references with respect to such loans; or

(C) any other requirement relating to the servicing or collection of a loan made under this title.

(2) *COVERED ACTIVITIES DEFINED.*—*In this subsection, the term “covered activities” means any of the following activities, as carried out by a qualified entity:*

(A) *Origination of a loan made under this title.*

(B) *Servicing of a loan made under this title.*

(C) *Collection of a loan made under this title.*

(D) *Any other activity related to the activities described in subparagraphs (A) through (C).*

* * * * *

PART F—NEED ANALYSIS

[Note: Effective July 1, 2024, section 201(a) of H.R. 6951 (as reported) provides for an amendment to section 471, as amended by FAFSA Simplification Act. For laws relative to a reference made by this bill to FAFSA Simplification Act, see section 2(b) of H.R. 6951 (as reported). Upon such date, section 471 (as amended by FAFSA Simplification Act and by such section 201(a) of H.R. 6951 (as reported)) will read as follows:]

SEC. 471. AMOUNT OF NEED.

Except as otherwise provided therein, for award year 2024–2025 and each subsequent award year, the amount of need of any student for financial assistance under this title (except subpart 1 or 2 of part A) is equal to—

[(1) the cost of attendance of such student, minus]

(1)(A) *for award year 2024–2025, the cost of attendance of such student; and*

(B) *for award year 2025–2026 and each subsequent award year, the median cost of college of the program of study of such student, minus*

(2) the student aid index (as defined in section 473) for such student, minus

(3) other financial assistance not received under this title (as defined in section 480(i)).

[Note: Effective July 1, 2024, section 201(b) of H.R. 6951 (as reported) provides for an amendment to section 472, as amended by FAFSA Simplification Act. For laws relative to a reference made by this bill to FAFSA Simplification Act, see section 2(b) of H.R. 6951 (as reported). Upon such date, section 472 (as amended by FAFSA Simplification Act and by such section 201(b) of H.R. 6951 (as reported)) will read as follows:]

SEC. 472. COST OF ATTENDANCE.

(a) *IN GENERAL.*—For the purpose of this title, the term “cost of attendance” means—

(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution;

(2) an allowance for books, course materials, supplies, and equipment, which shall include all such costs required of all such students in the same course of study, including a reasonable allowance for the documented rental or upfront purchase of a personal computer, as determined by the institution;

(3) an allowance for transportation, which may include transportation between campus, residences, and place of work, as determined by the institution;

(4) an allowance for miscellaneous personal expenses, for a student attending the institution on at least a half-time basis, as determined by the institution;

(5) an allowance for living expenses, including food and housing costs, to be incurred by the student attending the institution on at least a half-time basis, as determined by the institution, which shall include—

(A) for a student electing institutionally owned or operated food services, such as board or meal plans, a standard allowance for such services that provides the equivalent of three meals each day;

(B) for a student not electing institutionally owned or operated food services, such as board or meal plans, a standard allowance for purchasing food off campus that provides the equivalent of three meals each day;

(C) for a student without dependents residing in institutionally owned or operated housing, a standard allowance determined by the institution based on the average or median amount assessed to such residents for housing charges, whichever is greater;

(D) for a student with dependents residing in institutionally owned or operated housing, a standard allowance determined by the institution based on the average or median amount assessed to such residents for housing charges, whichever is greater;

(E) for a student living off campus, and not in institutionally owned or operated housing, a standard allowance for rent or other housing costs;

(F) for a dependent student residing at home with parents, a standard allowance that shall not be zero determined by the institution;

(G) for a student living in housing located on a military base or for which a basic allowance is provided under section 403(b) of title 37, United States Code, a standard allowance for food based upon such student's choice of purchasing food on-campus or off-campus (determined respectively in accordance with subparagraph (A) or (B)), but not for housing costs; and

(H) for all other students, an allowance based on the expenses reasonably incurred by such students for housing and food;

(6) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and housing and food costs incurred specifically in fulfilling a required period of residential training;

(7) for a confined or incarcerated student, only tuition, fees, books, course materials, supplies, equipment, and the cost of obtaining a license, certification, or a first professional credential in accordance with paragraph (14);

(8) for a student enrolled in an academic program in a program of study abroad approved for credit by the student's home institution, reasonable costs associated with such study

(as determined by the institution at which such student is enrolled);

(9) for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents, except that—

(A) such allowance shall not exceed the reasonable cost in the community in which such student resides for the kind of care provided; and

(B) the period for which dependent care is required includes, but is not limited to, class-time, study-time, field work, internships, and commuting time;

(10) for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;

(11) for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;

(12) for a student engaged in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution);

(13) for a student who receives a Federal student loan made under this title or any other Federal law, to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or the parent of such student on such loan, or the average cost of any such fee or premium, as applicable; and

(14) for a student in a program requiring professional licensure, certification, or a first professional credential, the cost of obtaining the license, certification, or a first professional credential.

(b) **SPECIAL RULE FOR LIVING EXPENSES FOR LESS-THAN-HALF-TIME STUDENTS.**—For students attending an institution of higher education less than half-time, an institution of higher education may include an allowance for living expenses, including food and housing costs in accordance with subsection (a)(4) for up to three semesters, or the equivalent, with no more than two semesters being consecutive.

(c) **DISCLOSURE OF COST OF ATTENDANCE ELEMENTS.**—Each institution shall make publicly available on the institution's website a list of all the elements of cost of attendance described in paragraphs (1) through (14) of subsection (a), and shall disclose such elements on any portion of the website describing tuition and fees [of the institution] of each program of study at the institution.

SEC. 472A. DETERMINATION OF MEDIAN COST OF COLLEGE.

For the purpose of this title, the term “median cost of college”, when used with respect to a program of study offered by one or more institutions of higher education for an award year, means the median of the cost of attendance (as defined in section 472) for the pro-

gram of study across all institutions of higher education offering such a program for the preceding award year.

* * * * *

[Note: Effective July 1, 2024, section 201(d)(1) of H.R. 6951 (as reported) provides for an amendment to section 480, as amended by FAFSA Simplification Act. For laws relative to a reference made by this bill to FAFSA Simplification Act, see section 2(b) of H.R. 6951 (as reported). Upon such date, section 480 (as amended by FAFSA Simplification Act and by such section 201(d)(1) of H.R. 6951 (as reported)) will read as follows:]

SEC. 480. DEFINITIONS.

In this part:

(a) **TOTAL INCOME.**—The term “total income” means the amount equal to adjusted gross income for the second preceding tax year plus untaxed income and benefits for the second preceding tax year minus excludable income for the second preceding tax year. The factors used to determine total income shall be derived from the Federal income tax return, if available, except for the applicant’s ability to indicate a qualified rollover in the second preceding tax year as outlined in section 483 or foreign income described in subsection (b)(5).

(b) **UNTAXED INCOME AND BENEFITS.**—The term “untaxed income and benefits” means—

(1) deductions and payments to self-employed SEP, SIMPLE, Keogh, and other qualified individual retirement accounts excluded from income for Federal tax purposes, except such term shall not include payments made to tax-deferred pension and retirement plans, paid directly or withheld from earnings, that are not delineated on the Federal tax return;

(2) tax-exempt interest income;

(3) untaxed portion of individual retirement account distributions;

(4) untaxed portion of pensions; and

(5) foreign income of permanent residents of the United States or United States citizens exempt from Federal taxation, or the foreign income for which such a permanent resident or citizen receives a foreign tax credit.

(c) **VETERANS AND VETERANS’ EDUCATION BENEFITS.**—(1) The term “veteran” has the meaning given the term in section 101(2) of title 38, United States Code, and includes individuals who served in the United States Armed Forces as described in sections 101(21), 101(22), and 101(23) of title 38, United States Code.

(2) The term “veterans” education benefits’ means veterans’ benefits under the following provisions of law:

(A) Chapter 103 of title 10, United States Code (Senior Reserve Officers’ Training Corps).

(B) Chapter 106A of title 10, United States Code (Educational Assistance for Persons Enlisting for Active Duty).

(C) Chapter 1606 of title 10, United States Code (Selected Reserve Educational Assistance Program).

(D) Chapter 1607 of title 10, United States Code (Educational Assistance Program for Reserve Component Members

Supporting Contingency Operations and Certain Other Operations).

(E) Chapter 30 of title 38, United States Code (All-Volunteer Force Educational Assistance Program, also known as the “Montgomery GI Bill—active duty”).

(F) Chapter 31 of title 38, United States Code (Training and Rehabilitation for Veterans with Service-Connected Disabilities).

(G) Chapter 32 of title 38, United States Code (Post-Vietnam Era Veterans’ Educational Assistance Program).

(H) Chapter 33 of title 38, United States Code (Post-9/11 Educational Assistance).

(I) Chapter 35 of title 38, United States Code (Survivors’ and Dependents’ Educational Assistance Program).

(J) Section 903 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note) (Educational Assistance Pilot Program).

(K) Section 156(b) of the “Joint Resolution making further continuing appropriations and providing for productive employment for the fiscal year 1983, and for other purposes” (42 U.S.C. 402 note) (Restored Entitlement Program for Survivors, also known as “Quayle benefits”).

(L) The provisions of chapter 3 of title 37, United States Code, related to subsistence allowances for members of the Reserve Officers Training Corps.

(d) INDEPENDENT STUDENTS AND DETERMINATIONS.—The term “independent”, when used with respect to a student, means any individual who—

(1) is 24 years of age or older by December 31 of the award year;

(2) is, or was at any time when the individual was 13 years of age or older—

(A) an orphan;

(B) a ward of the court; or

(C) in foster care;

(3) is, or was immediately prior to attaining the age of majority, an emancipated minor or in legal guardianship as determined by a court of competent jurisdiction in the individual’s State of legal residence;

(4) is a veteran of the Armed Forces of the United States (as defined in subsection (c)) or is currently serving on active duty in the Armed Forces for other than training purposes;

(5) is a graduate or professional student;

(6) is married and not separated;

(7) has legal dependents other than a spouse;

(8) is an unaccompanied homeless youth or is unaccompanied, at risk of homelessness, and self-supporting, without regard to such individual’s age; and

(9) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances pursuant to section 479A(c) in which the student is unable to contact a parent or where contact with parents poses a risk to such student, which includes circumstances of—

- (A) human trafficking, as described in the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.);
 - (B) legally granted refugee or asylum status;
 - (C) parental abandonment or estrangement; or
 - (D) student or parental incarceration.
- (e) EXCLUDABLE INCOME.—The term “excludable income” means—
- (1) an amount equal to the education credits described in paragraphs (1) and (2) of section 25A(a) of the Internal Revenue Code of 1986;
 - (2) if an applicant elects to report it, college grant and scholarship aid included in gross income on a Federal tax return, including amounts attributable to grant and scholarship portions of fellowships and assistantships and any national service educational award or post-service benefit received by an individual under title I of the National and Community Service Act of 1990 (42 U.S.C. 12511 et seq.), including awards, living allowances, and interest accrual payments; and
 - (3) income earned from work under part C of this title.
- (f) ASSETS.—
- (1) IN GENERAL.—The term “assets” means the amount in checking and savings accounts, time deposits, money market funds, investments, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, qualified education benefits (except as provided in paragraph (3)), the annual amount of child support received and the net value of real estate, vacation homes, income producing property, and business and farm assets, determined in accordance with section 478(c).
 - (2) EXCLUSIONS.—With respect to determinations of need under this title, the term “assets” shall not include the [net value of the] *the net value of—*
 - (A) *the family’s principal place of residence[.];*
 - (B) *a family farm on which the family resides; or*
 - (C) *a small business with not more than 100 full-time or full-time equivalent employees (or any part of such a small business) that is owned and controlled by the family.*
 - (3) CONSIDERATION OF QUALIFIED EDUCATION BENEFIT.—A qualified education benefit shall be considered an asset of—
 - (A) the student if the student is an independent student;
 - or
 - (B) the parent if the student is a dependent student and the account is designated for the student, regardless of whether the owner of the account is the student or the parent.
 - (4) DEFINITION OF QUALIFIED EDUCATION BENEFIT.—In this subsection, the term “qualified education benefit” means—
 - (A) a qualified tuition program (as defined in section 529(b)(1)(A) of the Internal Revenue Code of 1986) or other prepaid tuition plan offered by a State; and
 - (B) a Coverdell education savings account (as defined in section 530(b)(1) of the Internal Revenue Code of 1986).
 - (g) NET VALUE.—The term “net value” means the market value at the time of application of the assets (as defined in subsection (f)), minus the outstanding liabilities or indebtedness against the assets.

(h) TREATMENT OF INCOME TAXES PAID TO OTHER JURISDICTIONS.—

(1) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or Palau under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as Federal income taxes.

(2) References in this part to the Internal Revenue Code of 1986, Federal income tax forms, and the Internal Revenue Service shall, for purposes of the tax described in paragraph (1), be treated as references to the corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustments as the Secretary may provide by regulation.

(i) OTHER FINANCIAL ASSISTANCE.—

(1) For purposes of determining a student's eligibility for funds under this title, other financial assistance not received under this title shall include all scholarships, grants, loans, or other assistance known to the institution at the time the determination of the student's need is made, including national service educational awards or post-service benefits under title I of the National and Community Service Act of 1990 (42 U.S.C. 12511 et seq.), but excluding veterans' education benefits.

(2) Notwithstanding paragraph (1), a tax credit taken under section 25A of the Internal Revenue Code of 1986, or a distribution that is not includable in gross income under section 529 of such Code, under another prepaid tuition plan offered by a State, or under a Coverdell education savings account under section 530 of such Code, shall not be treated as other financial assistance for purposes of section 471(a)(3).

(3) Notwithstanding paragraph (1) and section 472, assistance not received under this title may be excluded from both other financial assistance and cost of attendance, if that assistance is provided by a State and is designated by such State to offset a specific component of the cost of attendance. If that assistance is excluded from either other financial assistance or cost of attendance, it shall be excluded from both.

(4) Notwithstanding paragraph (1), payments made and services provided under part E of title IV of the Social Security Act to or on behalf of any child or youth over whom the State agency has responsibility for placement, care, or supervision, including the value of vouchers for education and training and amounts expended for room and board for youth who are not in foster care but are receiving services under section 477 of such Act, shall not be treated as other financial assistance for purposes of section 471(a)(3).

(5) Notwithstanding paragraph (1), emergency financial assistance provided to the student for unexpected expenses that are a component of the student's cost of attendance, and not otherwise considered when the determination of the student's

need is made, shall not be treated as other financial assistance for purposes of section 471(a)(3).

(j) DEPENDENTS.—

(1) Except as otherwise provided, the term “dependent of the parent” means the student who is deemed to be a dependent student when applying for aid under this title, and any other person who lives with and receives more than one-half of their support from the parent (or parents) and will continue to receive more than half of their support from the parent (or parents) during the award year.

(2) Except as otherwise provided, the term “dependent of the student” means the student’s dependent children and other persons (except the student’s spouse) who live with and receive more than one-half of their support from the student and will continue to receive more than half of their support from the student during the award year.

(k) FAMILY SIZE.—

(1) DEPENDENT STUDENT.—Except as provided in paragraph (3), in determining family size in the case of a dependent student—

(A) if the parents are not divorced or separated, family members include the student’s parents, and any dependent (within the meaning of section 152 of the Internal Revenue Code of 1986 or an eligible individual for purposes of the credit under section 24 of the Internal Revenue Code of 1986) of the student’s parents for the taxable year used in determining the amount of need of the student for financial assistance under this title;

(B) if the parents are divorced or separated, family members include the parent whose income is included in computing available income and any dependent (within the meaning of section 152 of the Internal Revenue Code of 1986 or an eligible individual for purposes of the credit under section 24 of the Internal Revenue Code of 1986) of that parent for the taxable year used in determining the amount of need of the student for financial assistance under this title;

(C) if the parents are divorced and the parents whose income is so included are remarried, or if the parent was a widow or widower who has remarried, family members also include, in addition to those individuals referred to in subparagraph (B), the new spouse and any dependent (within the meaning of section 152 of the Internal Revenue Code of 1986 or an eligible individual for purposes of the credit under section 24 of the Internal Revenue Code of 1986) of the new spouse for the taxable year used in determining the amount of need of the student for financial assistance under this title, if that spouse’s income is included in determining the parent’s adjusted available income; and

(D) if the student is not considered as a dependent (within the meaning of section 152 of the Internal Revenue Code of 1986 or an eligible individual for purposes of the credit under section 24 of the Internal Revenue Code of 1986) of any parent, the parents’ family size shall include

the student and the family members applicable to the parents' situation under subparagraph (A), (B), or (C).

(2) INDEPENDENT STUDENT.—Except as provided in paragraph (3), in determining family size in the case of an independent student—

(A) family members include the student, the student's spouse, and any dependent (within the meaning of section 152 of the Internal Revenue Code of 1986 or an eligible individual for purposes of the credit under section 24 of the Internal Revenue Code of 1986) of that student for the taxable year used in determining the amount of need of the student for financial assistance under this title; and

(B) if the student is divorced or separated, family members do not include the spouse (or ex-spouse), but do include the student and any dependent (within the meaning of section 152 of the Internal Revenue Code of 1986 or an eligible individual for purposes of the credit under section 24 of the Internal Revenue Code of 1986) of that student for the taxable year used in determining the amount of need of the student for financial assistance under this title.

(3) PROCEDURES AND MODIFICATION.—The Secretary shall provide procedures for determining family size in cases in which information for the taxable year used in determining the amount of need of the student for financial assistance under this title has changed or does not accurately reflect the applicant's current household size, including when a divorce settlement only allows a parent to file for the Earned Income Tax Credit available under section 32 of the Internal Revenue Code of 1986.

(l) BUSINESS ASSETS.—The term “business assets” means property that is used in the operation of a trade or business, including real estate, inventories, buildings, machinery, and other equipment, patents, franchise rights, and copyrights.

(m) HOMELESS YOUTH.—The term “homeless youth” has the meaning given the term “homeless children and youths” in section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a).

(n) UNACCOMPANIED.—The terms “unaccompanied”, “unaccompanied youth”, or “unaccompanied homeless youth” have the meaning given the term “unaccompanied youth” in section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a).

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

SEC. 481. DEFINITIONS.

(a) ACADEMIC AND AWARD YEAR.—(1) For the purpose of any program under this title, the term “award year” shall be defined as the period beginning July 1 and ending June 30 of the following year.

(2)(A) For the purpose of any program under this title, the term “academic year” shall—

(i) require a minimum of 30 weeks of instructional time for a course of study that measures its program length in credit hours; or

(ii) require a minimum of 26 weeks of instructional time for a course of study that measures its program length in clock hours; and

(iii) require an undergraduate course of study to contain an amount of instructional time whereby a full-time student is expected to complete at least—

(I) 24 semester or trimester hours or 36 quarter credit hours in a course of study that measures its program length in credit hours; or

(II) 900 clock hours in a course of study that measures its program length in clock hours.

(B) The Secretary may reduce such minimum of 30 weeks to not less than 26 weeks for good cause, as determined by the Secretary on a case-by-case basis, in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree and that measures program length in credit hours or clock hours.

(b) ELIGIBLE PROGRAM.—(1) For purposes of this title, the term “eligible program” means a program of at least—

(A) 600 clock hours of instruction, 16 semester hours, or 24 quarter hours, offered during a minimum of 15 weeks, in the case of a program that—

(i) provides a program of training to prepare students for gainful employment in a recognized profession; and

(ii) admits students who have not completed the equivalent of an associate degree; or

(B) 300 clock hours of instruction, 8 semester hours, or 12 hours, offered during a minimum of 10 weeks, in the case of—

(i) an undergraduate program that requires the equivalent of an associate degree for admissions; or

(ii) a graduate or professional program.

(2)(A) A program is an eligible program for purposes of part B of this title if it is a program of at least 300 clock hours of instruction, but less than 600 clock hours of instruction, offered during a minimum of 10 weeks, that—

(i) has a verified completion rate of at least 70 percent, as determined in accordance with the regulations of the Secretary;

(ii) has a verified placement rate of at least 70 percent, as determined in accordance with the regulations of the Secretary; and

(iii) satisfies such further criteria as the Secretary may prescribe by regulation.

(B) In the case of a program being determined eligible for the first time under this paragraph, such determination shall be made by the Secretary before such program is considered to have satisfied the requirements of this paragraph.

(3) An otherwise eligible program that is offered in whole or in part through telecommunications is eligible for the purposes of this title if the program is offered by an institution, other than a foreign institution, that has been evaluated and determined (before or after the date of enactment of the Higher Education Reconciliation Act of 2005) to have the capability to effectively deliver distance education programs by an accrediting agency or association that—

(A) is recognized by the Secretary under subpart 2 of part H; and

(B) has evaluation of distance education programs within the scope of its recognition, as described in section 496(n)(3).

(4) For purposes of this title, the term “eligible program” includes an instructional program that, in lieu of credit hours or clock hours as the measure of student learning, utilizes direct assessment of student learning, or recognizes the direct assessment of student learning by others, if such assessment is consistent with the accreditation of the institution or program utilizing the results of the assessment. In the case of a program being determined eligible for the first time under this paragraph, such determination shall be made by the Secretary before such program is considered to be an eligible program.

[(c) THIRD PARTY SERVICER.—For purposes of this title, the term “third party servicer” means any individual, any State, or any private, for-profit or nonprofit organization, which enters into a contract with—

[(1) any eligible institution of higher education to administer, through either manual or automated processing, any aspect of such institution’s student assistance programs under this title; or

[(2) any guaranty agency, or any eligible lender, to administer, through either manual or automated processing, any aspect of such guaranty agency’s or lender’s student loan programs under part B of this title, including originating, guaranteeing, monitoring, processing, servicing, or collecting loans.]]

(c) *THIRD PARTY SERVICER.*—

(1) *For purposes of this title, the term “third party servicer”—*

(A) means any individual, any State, or any private, for-profit or nonprofit organization, which enters into a contract with—

(i) any eligible institution of higher education to administer, through either manual or automated processing, any aspect of such institution’s student assistance programs under this title; or

(ii) any guaranty agency, or any eligible lender, to administer, through either manual or automated processing, any aspect of such guaranty agency’s or lender’s student loan programs under part B of this title, including originating, guaranteeing, monitoring, processing, servicing, or collecting loans; and

(B) does not include any individual, any State, or any private, for-profit or nonprofit organization, which conducts activities or interacts with prospective or enrolled students for the purposes of—

(i) marketing or recruiting, such as soliciting potential enrollments through the dissemination of information and advertising;

(ii) assisting with the completion of applications for enrollment, such as screening pre-enrollment information and offering admission counseling;

(iii) administering ability-to-benefit tests or establishing any aspect of an eligible career pathway program;

(iv) *conducting activities for the retention of students, such as monitoring academic engagement and conducting outreach to student regarding attendance; and*
 (v) *providing instructional content, such as evaluating course completion, delivering mandatory tutoring, assessing student learning, including through electronic means, or developing curricula or course materials.*

(2) *The Secretary shall not regulate on the definition of a “third party servicer”.*

(d) DEFINITIONS FOR MILITARY DEFERMENTS.—For purposes of parts B, D, and E of this title:

(1) ACTIVE DUTY.—The term “active duty” has the meaning given such term in section 101(d)(1) of title 10, United States Code, except that such term does not include active duty for training or attendance at a service school.

(2) MILITARY OPERATION.—The term “military operation” means a contingency operation as such term is defined in section 101(a)(13) of title 10, United States Code.

(3) NATIONAL EMERGENCY.—The term “national emergency” means the national emergency by reason of certain terrorist attacks declared by the President on September 14, 2001, or subsequent national emergencies declared by the President by reason of terrorist attacks.

(4) SERVING ON ACTIVE DUTY.—The term “serving on active duty during a war or other military operation or national emergency” means service by an individual who is—

(A) a Reserve of an Armed Force ordered to active duty under section 12301(a), 12301(g), 12302, 12304, or 12306 of title 10, United States Code, or any retired member of an Armed Force ordered to active duty under section 688 of such title, for service in connection with a war or other military operation or national emergency, regardless of the location at which such active duty service is performed; and

(B) any other member of an Armed Force on active duty in connection with such emergency or subsequent actions or conditions who has been assigned to a duty station at a location other than the location at which such member is normally assigned.

(5) QUALIFYING NATIONAL GUARD DUTY.—The term “qualifying National Guard duty during a war or other military operation or national emergency” means service as a member of the National Guard on full-time National Guard duty (as defined in section 101(d)(5) of title 10, United States Code) under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days under section 502(f) of title 32, United States Code, in connection with a war, other military operation, or a national emergency declared by the President and supported by Federal funds.

(e) CONSUMER REPORTING AGENCY.—For purposes of this title, the term “consumer reporting agency” has the meaning given the term “consumer reporting agency that compiles and maintains files on consumers on a nationwide basis” in Section 603(p) of the Fair Credit Reporting Act (15 U.S.C. 1681a(p)).

(f) DEFINITION OF EDUCATIONAL SERVICE AGENCY.—For purposes of parts B, D, and E, the term “educational service agency” has the meaning given the term in section 8101 of the Elementary and Secondary Education Act of 1965.

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SEC. 484B. INSTITUTIONAL REFUNDS.

(a) RETURN OF TITLE IV FUNDS.—

(1) IN GENERAL.—If a recipient of assistance under this title withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the amount of grant or loan assistance (other than assistance received under part C) to be returned to the title IV programs is calculated according to paragraph (3) and returned in accordance with subsection (b).

(2) LEAVE OF ABSENCE.—

(A) LEAVE NOT TREATED AS WITHDRAWAL.—In the case of a student who takes 1 or more leaves of absence from an institution for not more than a total of 180 days in any 12-month period, the institution may consider the student as not having withdrawn from the institution during the leave of absence, and not calculate the amount of grant and loan assistance provided under this title that is to be returned in accordance with this section if—

- (i) the institution has a formal policy regarding leaves of absence;
- (ii) the student followed the institution’s policy in requesting a leave of absence; and
- (iii) the institution approved the student’s request in accordance with the institution’s policy.

(B) CONSEQUENCES OF FAILURE TO RETURN.—If a student does not return to the institution at the expiration of an approved leave of absence that meets the requirements of subparagraph (A), the institution shall calculate the amount of grant and loan assistance provided under this title that is to be returned in accordance with this section based on the day the student withdrew (as determined under subsection (c)).

(3) CALCULATION OF AMOUNT OF TITLE IV ASSISTANCE EARNED.—

(A) IN GENERAL.—The amount of grant or loan assistance under this title that is earned by the recipient for purposes of this section is calculated by—

- (i) determining the percentage of grant and loan assistance under this title that has been earned by the student, as described in subparagraph (B); and
- (ii) applying such percentage to the total amount of such grant and loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student’s behalf, for the payment period or period of enrollment for which the assistance was awarded, as of the day the student withdrew.

(B) PERCENTAGE EARNED.—For purposes of subparagraph (A)(i), the percentage of grant or loan assistance under this title that has been earned by the student is—

(i) equal to the percentage of the payment period or period of enrollment for which assistance was awarded that was completed (as determined in accordance with subsection (d)) as of the day the student withdrew, provided that such date occurs on or before the completion of 60 percent of the payment period or period of enrollment; or

(ii) 100 percent, if the day the student withdrew occurs after the student has completed (as determined in accordance with subsection (d)) 60 percent of the payment period or period of enrollment.

(C) PERCENTAGE AND AMOUNT NOT EARNED.—For purposes of subsection (b), the amount of grant and loan assistance awarded under this title that has not been earned by the student shall be calculated by—

(i) determining the complement of the percentage of grant assistance under subparts 1 and 3 of part A, or loan assistance under parts B, D, and E, that has been earned by the student described in subparagraph (B); and

(ii) applying the percentage determined under clause (i) to the total amount of such grant and loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period or period of enrollment, as of the day the student withdrew.

(4) DIFFERENCES BETWEEN AMOUNTS EARNED AND AMOUNTS RECEIVED.—

(A) IN GENERAL.—After determining the eligibility of the student for a late disbursement or post-withdrawal disbursement (as required in regulations prescribed by the Secretary), the institution of higher education shall contact the borrower and obtain confirmation that the loan funds are still required by the borrower. In making such contact, the institution shall explain to the borrower the borrower's obligation to repay the funds following any such disbursement. The institution shall document in the borrower's file the result of such contact and the final determination made concerning such disbursement.

(B) RETURN.—If the student has received more grant or loan assistance than the amount earned as calculated under paragraph (3)(A), the unearned funds shall be returned by the institution or the student, or both, as may be required under paragraphs (1) and (2) of subsection (b), to the programs under this title in the order specified in subsection (b)(3).

(b) RETURN OF TITLE IV PROGRAM FUNDS.—

(1) RESPONSIBILITY OF THE INSTITUTION.—The institution shall return not later than 45 days from the determination of withdrawal, in the order specified in paragraph (3), the lesser of—

(A) the amount of grant and loan assistance awarded under this title that has not been earned by the student, as calculated under subsection (a)(3)(C); or

(B) an amount equal to—

- (i) the total institutional charges incurred by the student for the payment period or period of enrollment for which such assistance was awarded; multiplied by
- (ii) the percentage of grant and loan assistance awarded under this title that has not been earned by the student, as described in subsection (a)(3)(C)(i).

(2) RESPONSIBILITY OF THE STUDENT.—

(A) IN GENERAL.—The student shall return assistance that has not been earned by the student as described in subsection (a)(3)(C)(ii) in the order specified in paragraph (3) minus the amount the institution is required to return under paragraph (1).

(B) SPECIAL RULE.—The student (or parent in the case of funds due to a loan borrowed by a parent under part B or D) shall return or repay, as appropriate, the amount determined under subparagraph (A) to—

- (i) a loan program under this title in accordance with the terms of the loan; and
- (ii) a grant program under this title, as an overpayment of such grant and shall be subject to—
 - (I) repayment arrangements satisfactory to the institution; or
 - (II) overpayment collection procedures prescribed by the Secretary.

(C) GRANT OVERPAYMENT REQUIREMENTS.—

(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), a student shall only be required to return grant assistance in the amount (if any) by which—

(I) the amount to be returned by the student (as determined under subparagraphs (A) and (B)), exceeds

(II) 50 percent of the total grant assistance received by the student under this title for the payment period or period of enrollment.

(ii) MINIMUM.—A student shall not be required to return amounts of \$50 or less.

(D) WAIVERS OF FEDERAL PELL GRANT REPAYMENT BY STUDENTS AFFECTED BY DISASTERS.—The Secretary may waive the amounts that students are required to return under this section with respect to Federal Pell Grants if the withdrawals on which the returns are based are withdrawals by students—

(i) who were residing in, employed in, or attending an institution of higher education that is located in an area in which the President has declared that a major disaster exists, in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170);

(ii) whose attendance was interrupted because of the impact of the disaster on the student or the institution; and

(iii) whose withdrawal ended within the academic year during which the designation occurred or during the next succeeding academic year.

(E) WAIVERS OF GRANT ASSISTANCE REPAYMENT BY STUDENTS AFFECTED BY DISASTERS.—In addition to the waivers authorized by subparagraph (D), the Secretary may waive the amounts that students are required to return under this section with respect to any other grant assistance under this title if the withdrawals on which the returns are based are withdrawals by students—

(i) who were residing in, employed in, or attending an institution of higher education that is located in an area in which the President has declared that a major disaster exists, in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170);

(ii) whose attendance was interrupted because of the impact of the disaster on the student or the institution; and

(iii) whose withdrawal ended within the academic year during which the designation occurred or during the next succeeding academic year.

(3) ORDER OF RETURN OF TITLE IV FUNDS.—

(A) IN GENERAL.—Excess funds returned by the institution or the student, as appropriate, in accordance with paragraph (1) or (2), respectively, shall be credited to outstanding balances on loans made under this title to the student or on behalf of the student for the payment period or period of enrollment for which a return of funds is required. Such excess funds shall be credited in the following order:

(i) To outstanding balances on loans made under section 428H for the payment period or period of enrollment for which a return of funds is required.

(ii) To outstanding balances on loans made under section 428 for the payment period or period of enrollment for which a return of funds is required.

(iii) To outstanding balances on unsubsidized loans (other than parent loans) made under part D for the payment period or period of enrollment for which a return of funds is required.

(iv) To outstanding balances on subsidized loans made under part D for the payment period or period of enrollment for which a return of funds is required.

(v) To outstanding balances on loans made under part E for the payment period or period of enrollment for which a return of funds is required.

(vi) To outstanding balances on loans made under section 428B for the payment period or period of enrollment for which a return of funds is required.

(vii) To outstanding balances on parent loans made under part D for the payment period or period of enrollment for which a return of funds is required.

(B) REMAINING EXCESSES.—If excess funds remain after repaying all outstanding loan amounts, the remaining excess shall be credited in the following order:

(i) To awards under subpart 1 of part A for the payment period or period of enrollment for which a return of funds is required.

(ii) To awards under subpart 3 of part A for the payment period or period of enrollment for which a return of funds is required.

(iii) To other assistance awarded under this title for which a return of funds is required.

(c) WITHDRAWAL DATE.—

(1) IN GENERAL.—In this section, the term “day the student withdrew”—

(A) is the date that the institution determines—

(i) the student began the withdrawal process prescribed by the institution;

(ii) the student otherwise provided official notification to the institution of the intent to withdraw; or

(iii) in the case of a student who does not begin the withdrawal process or otherwise notify the institution of the intent to withdraw, the date that is the midpoint of the payment period for which assistance under this title was disbursed or a later date documented by the institution; or

(B) for institutions required to take attendance, is determined by the institution from such attendance records.

(2) SPECIAL RULE.—Notwithstanding paragraph (1), if the institution determines that a student did not begin the withdrawal process, or otherwise notify the institution of the intent to withdraw, due to illness, accident, grievous personal loss, or other such circumstances beyond the student’s control, the institution may determine the appropriate withdrawal date.

(d) PERCENTAGE OF THE PAYMENT PERIOD OR PERIOD OF ENROLLMENT COMPLETED.—For purposes of subsection (a)(3)(B), the percentage of the payment period or period of enrollment for which assistance was awarded that was completed, is determined—

(1) in the case of a program that is measured in credit hours, by dividing the total number of calendar days comprising the payment period or period of enrollment for which assistance is awarded into the number of calendar days completed in that period as of the day the student withdrew; and

(2) in the case of a program that is measured in clock hours, by dividing the total number of clock hours comprising the payment period or period of enrollment for which assistance is awarded into the number of clock hours scheduled to be completed by the student in that period as of the day the student withdrew.

(e) EFFECTIVE DATE.—The provisions of this section shall take effect 2 years after the date of enactment of the Higher Education Amendments of 1998. An institution of higher education may choose to implement such provisions prior to that date.

(f) RESERVATION OF FUNDS FOR PROMISE GRANTS.—*Notwithstanding any other provision of law, the Secretary shall reserve the funds returned to the Secretary under this section for 1 year after the return of such funds for the purpose of awarding PROMISE grants in accordance with subpart 4 of part A of this title.*

* * * * *

SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

(a) **INFORMATION DISSEMINATION ACTIVITIES.**—(1) Each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full time) regarding the institution and all financial assistance under this title. The information required by this section shall be produced and be made readily available upon request, through appropriate publications, mailings, and electronic media, to an enrolled student and to any prospective student. Each eligible institution shall, on an annual basis, provide to all enrolled students a list of the information that is required to be provided by institutions to students by this section and section 444 of the General Education Provisions Act (commonly known as the “Family Educational Rights and Privacy Act of 1974”), together with a statement of the procedures required to obtain such information. The information required by this section shall accurately describe—

(A) the student financial assistance programs available to students who enroll at such institution;

(B) the methods by which such assistance is distributed among student recipients who enroll at such institution;

(C) any means, including forms, by which application for student financial assistance is made and requirements for accurately preparing such application;

(D) the rights and responsibilities of students receiving financial assistance under this title;

(E) the cost of attending the institution, including (i) tuition and fees, (ii) books and supplies, (iii) estimates of typical student room and board costs or typical commuting costs, and (iv) any additional cost of the program in which the student is enrolled or expresses a specific interest;

(F) a statement of—

(i) the requirements of any refund policy with which the institution is required to comply;

(ii) the requirements under section 484B for the return of grant or loan assistance provided under this title; and

(iii) the requirements for officially withdrawing from the institution;

(G) the academic program of the institution, including (i) the current degree programs and other educational and training programs, (ii) the instructional, laboratory, and other physical plant facilities which relate to the academic program, (iii) the faculty and other instructional personnel, and (iv) any plans by the institution for improving the academic program of the institution;

(H) each person designated under subsection (c) of this section, and the methods by which and locations in which any person so designated may be contacted by students and prospective students who are seeking information required by this subsection;

(I) special facilities and services available to students with disabilities;

(J) the names of associations, agencies, or governmental bodies which accredit, approve, or license the institution and its

programs, and the procedures under which any current or prospective student may obtain or review upon request a copy of the documents describing the institution's accreditation, approval, or licensing;

(K) the standards which the student must maintain in order to be considered to be making satisfactory progress, pursuant to section 484(a)(2);

(L) the completion or graduation rate of certificate- or degree-seeking, full-time, undergraduate students entering such institutions;

(M) the terms and conditions of the loans that students receive under parts B, D, and E;

(N) that enrollment in a program of study abroad approved for credit by the home institution may be considered enrollment in the home institution for purposes of applying for Federal student financial assistance;

(O) the campus crime report prepared by the institution pursuant to subsection (f), including all required reporting categories;

(P) institutional policies and sanctions related to copyright infringement, including—

(i) an annual disclosure that explicitly informs students that unauthorized distribution of copyrighted material, including unauthorized peer-to-peer file sharing, may subject the students to civil and criminal liabilities;

(ii) a summary of the penalties for violation of Federal copyright laws; and

(iii) a description of the institution's policies with respect to unauthorized peer-to-peer file sharing, including disciplinary actions that are taken against students who engage in unauthorized distribution of copyrighted materials using the institution's information technology system;

(Q) student body diversity at the institution, including information on the percentage of enrolled, full-time students who—

(i) are male;

(ii) are female;

(iii) receive a Federal Pell Grant; and

(iv) are a self-identified member of a major racial or ethnic group;

(R) the placement in employment of, and types of employment obtained by, graduates of the institution's degree or certificate programs, gathered from such sources as alumni surveys, student satisfaction surveys, the National Survey of Student Engagement, the Community College Survey of Student Engagement, State data systems, or other relevant sources;

(S) the types of graduate and professional education in which graduates of the institution's four-year degree programs enrolled, gathered from such sources as alumni surveys, student satisfaction surveys, the National Survey of Student Engagement, State data systems, or other relevant sources;

(T) the fire safety report prepared by the institution pursuant to subsection (i);

(U) the retention rate of certificate- or degree-seeking, first-time, full-time, undergraduate students entering such institution; and

(V) institutional policies regarding vaccinations.

(2) For the purpose of this section, the term “prospective student” means any individual who has contacted an eligible institution requesting information concerning admission to that institution.

(3) In calculating the completion or graduation rate under subparagraph (L) of paragraph (1) of this subsection or under subsection (e), a student shall be counted as a completion or graduation if, within 150 percent of the normal time for completion of or graduation from the program, the student has completed or graduated from the program, or enrolled in any program of an eligible institution for which the prior program provides substantial preparation. The information required to be disclosed under such subparagraph—

(A) shall be made available by July 1 each year to enrolled students and prospective students prior to the students enrolling or entering into any financial obligation; and

(B) shall cover the one-year period ending on August 31 of the preceding year.

(4) For purposes of this section, institutions may—

(A) exclude from the information disclosed in accordance with subparagraph (L) of paragraph (1) the completion or graduation rates of students who leave school to serve in the Armed Forces, on official church missions, or with a recognized foreign aid service of the Federal Government; or

(B) in cases where the students described in subparagraph (A) represent 20 percent or more of the certificate- or degree-seeking, full-time, undergraduate students at the institution, recalculate the completion or graduation rates of such students by excluding from the calculation described in paragraph (3) the time period during which such students were not enrolled due to their service in the Armed Forces, on official church missions, or with a recognized foreign aid service of the Federal Government.

(5) The Secretary shall permit any institution of higher education that is a member of an athletic association or athletic conference that has voluntarily published completion or graduation rate data or has agreed to publish data that, in the opinion of the Secretary, is substantially comparable to the information required under this subsection, to use such data to satisfy the requirements of this subsection; and

(6) Each institution may provide supplemental information to enrolled and prospective students showing the completion or graduation rate for students described in paragraph (4) or for students transferring into the institution or information showing the rate at which students transfer out of the institution.

(7)(A)(i) Subject to clause (ii), the information disseminated under paragraph (1)(L), or reported under subsection (e), shall be disaggregated by gender, by each major racial and ethnic subgroup, by recipients of a Federal Pell Grant, by recipients

of a loan made under part B or D (other than a loan made under section 428H or a Federal Direct Unsubsidized Stafford Loan) who did not receive a Federal Pell Grant, and by recipients of neither a Federal Pell Grant nor a loan made under part B or D (other than a loan made under section 428H or a Federal Direct Unsubsidized Stafford Loan), if the number of students in such subgroup or with such status is sufficient to yield statistically reliable information and reporting will not reveal personally identifiable information about an individual student. If such number is not sufficient for such purposes, then the institution shall note that the institution enrolled too few of such students to so disclose or report with confidence and confidentiality.

(ii) The requirements of clause (i) shall not apply to two-year, degree-granting institutions of higher education until academic year 2011-2012.

(B)(i) In order to assist two-year degree-granting institutions of higher education in meeting the requirements of paragraph (1)(L) and subsection (e), the Secretary, in consultation with the Commissioner for Education Statistics, shall, not later than 90 days after the date of enactment of the Higher Education Opportunity Act, convene a group of representatives from diverse institutions of higher education, experts in the field of higher education policy, state higher education officials, students, and other stakeholders in the higher education community, to develop recommendations regarding the accurate calculation and reporting of the information required to be disseminated or reported under paragraph (1)(L) and subsection (e) by two-year, degree-granting institutions of higher education. In developing such recommendations, the group of representatives shall consider the mission and role of two-year degree-granting institutions of higher education, and may recommend additional or alternative measures of student success for such institutions in light of the mission and role of such institutions.

(ii) The Secretary shall widely disseminate the recommendations required under this subparagraph to two-year, degree-granting institutions of higher education, the public, and the authorizing committees not later than 18 months after the first meeting of the group of representatives convened under clause (i).

(iii) The Secretary shall use the recommendations from the group of representatives convened under clause (i) to provide technical assistance to two-year, degree-granting institutions of higher education in meeting the requirements of paragraph (1)(L) and subsection (e).

(iv) The Secretary may modify the information required to be disseminated or reported under paragraph (1)(L) or subsection (e) by a two-year, degree-granting institution of higher education—

(I) based on the recommendations received under this subparagraph from the group of representatives convened under clause (i);

(II) to include additional or alternative measures of student success if the goals of the provisions of paragraph

(1)(L) and subsection (e) can be met through additional means or comparable alternatives; and

(III) during the period beginning on the date of enactment of the Higher Education Opportunity Act, and ending on June 30, 2011.

(b) EXIT COUNSELING FOR BORROWERS.—(1)(A) Each eligible institution shall, through financial aid offices or otherwise, provide counseling to borrowers of loans that are made, insured, or guaranteed under part B (other than loans made pursuant to section 428C or loans under section 428B made on behalf of a student) or made under part D (other than Federal Direct Consolidation Loans or Federal Direct PLUS Loans made on behalf of a student) or made under part E of this title prior to the completion of the course of study for which the borrower enrolled at the institution or at the time of departure from such institution. The counseling required by this subsection shall include—

(i) information on the repayment plans available, including a description of the different features of each plan and sample information showing the average anticipated monthly payments, and the difference in interest paid and total payments, under each plan;

(ii) debt management strategies that are designed to facilitate the repayment of such indebtedness;

(iii) an explanation that the borrower has the options to prepay each loan, pay each loan on a shorter schedule, and change repayment plans;

(iv) for any loan forgiveness or cancellation provision of this title, a general description of the terms and conditions under which the borrower may obtain full or partial forgiveness or cancellation of the principal and interest, and a copy of the information provided by the Secretary under section 485(d);

(v) for any forbearance provision of this title, a general description of the terms and conditions under which the borrower may defer repayment of principal or interest or be granted forbearance, and a copy of the information provided by the Secretary under section 485(d);

(vi) the consequences of defaulting on a loan, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation;

(vii) information on the effects of using a consolidation loan under section 428C or a Federal Direct Consolidation Loan to discharge the borrower's loans under parts B, D, and E, including at a minimum—

(I) the effects of consolidation on total interest to be paid, fees to be paid, and length of repayment;

(II) the effects of consolidation on a borrower's underlying loan benefits, including grace periods, loan forgiveness, cancellation, and deferment opportunities;

(III) the option of the borrower to prepay the loan or to change repayment plans; and

(IV) that borrower benefit programs may vary among different lenders;

(viii) a general description of the types of tax benefits that may be available to borrowers;

(ix) a notice to borrowers about the availability of the National Student Loan Data System and how the system can be used by a borrower to obtain information on the status of the borrower's loans; and

(x) an explanation that—

(I) the borrower may be contacted during the repayment period by third-party student debt relief companies;

(II) the borrower should use caution when dealing with those companies; and

(III) the services that those companies typically provide are already offered to borrowers free of charge through the Department or the borrower's servicer; and

(B) In the case of borrower who leaves an institution without the prior knowledge of the institution, the institution shall attempt to provide the information described in subparagraph (A) to the student in writing.

(2)(A) Each eligible institution shall require that the borrower of a loan made under part B, D, or E submit to the institution, during the exit interview required by this subsection—

(i) the borrower's expected permanent address after leaving the institution (regardless of the reason for leaving);

(ii) the name and address of the borrower's expected employer after leaving the institution;

(iii) the address of the borrower's next of kin; and

(iv) any corrections in the institution's records relating the borrower's name, address, social security number, references, and driver's license number.

(B) The institution shall, within 60 days after the interview, forward any corrected or completed information received from the borrower to the guaranty agency indicated on the borrower's student aid records.

(C) Nothing in this subsection shall be construed to prohibit an institution of higher education from utilizing electronic means to provide personalized exit counseling.

(c) FINANCIAL ASSISTANCE INFORMATION PERSONNEL.—Each eligible institution shall designate an employee or group of employees who shall be available on a full-time basis to assist students or potential students in obtaining information as specified in subsection (a). The Secretary may, by regulation, waive the requirement that an employee or employees be available on a full-time basis for carrying out responsibilities required under this section whenever an institution in which the total enrollment, or the portion of the enrollment participating in programs under this title at that institution, is too small to necessitate such employee or employees being available on a full-time basis. No such waiver may include permission to exempt any such institution from designating a specific individual or a group of individuals to carry out the provisions of this section.

(d) DEPARTMENTAL PUBLICATION OF DESCRIPTIONS OF ASSISTANCE PROGRAMS.—(1) The Secretary shall make available to eligible institutions, eligible lenders, and secondary schools descriptions of Federal student assistance programs including the rights and responsibilities of student and institutional participants, in order to

(A) assist students in gaining information through institutional sources, and (B) assist institutions in carrying out the provisions of this section, so that individual and institutional participants will be fully aware of their rights and responsibilities under such programs. In particular, such information shall include information to enable students and prospective students to assess the debt burden and monthly and total repayment obligations that will be incurred as a result of receiving loans of varying amounts under this title. Such information shall also include information on the various payment options available for student loans, including income-sensitive and income-based repayment plans for loans made, insured, or guaranteed under part B and income-contingent and income-based repayment plans for loans made under part D. In addition, such information shall include information to enable borrowers to assess the practical consequences of loan consolidation, including differences in deferment eligibility, interest rates, monthly payments, and finance charges, and samples of loan consolidation profiles to illustrate such consequences. The Secretary shall provide information concerning the specific terms and conditions under which students may obtain partial or total cancellation or defer repayment of loans for service, shall indicate (in terms of the Federal minimum wage) the maximum level of compensation and allowances that a student borrower may receive from a tax-exempt organization to qualify for a deferment, and shall explicitly state that students may qualify for such partial cancellations or deferments when they serve as a paid employee of a tax-exempt organization. The Secretary shall also provide information on loan forbearance, including the increase in debt that results from capitalization of interest. Such information shall be provided by eligible institutions and eligible lenders at any time that information regarding loan availability is provided to any student.

(2) The Secretary, to the extent the information is available, shall compile information describing State and other prepaid tuition programs and savings programs and disseminate such information to States, eligible institutions, students, and parents in departmental publications.

(3) The Secretary, to the extent practicable, shall update the Department's Internet site to include direct links to databases that contain information on public and private financial assistance programs. The Secretary shall only provide direct links to databases that can be accessed without charge and shall make reasonable efforts to verify that the databases included in a direct link are not providing fraudulent information. The Secretary shall prominently display adjacent to any such direct link a disclaimer indicating that a direct link to a database does not constitute an endorsement or recommendation of the database, the provider of the database, or any services or products of such provider. The Secretary shall provide additional direct links to information resources from which students may obtain information about fraudulent and deceptive practices in the provision of services related to student financial aid.

(4) The Secretary shall widely publicize the location of the information described in paragraph (1) among the public, eligible institutions, and eligible lenders, and promote the use of such informa-

tion by prospective students, enrolled students, families of prospective and enrolled students, and borrowers.

(e) DISCLOSURES REQUIRED WITH RESPECT TO ATHLETICALLY RELATED STUDENT AID.—(1) Each institution of higher education which participates in any program under this title and is attended by students receiving athletically related student aid shall annually submit a report to the Secretary which contains—

(A) the number of students at the institution of higher education who received athletically related student aid broken down by race and sex in the following sports: basketball, football, baseball, cross country/track, and all other sports combined;

(B) the number of students at the institution of higher education, broken down by race and sex;

(C) the completion or graduation rate for students at the institution of higher education who received athletically related student aid broken down by race and sex in the following sports: basketball, football, baseball, cross country/track and all other sports combined;

(D) the completion or graduation rate for students at the institution of higher education, broken down by race and sex;

(E) the average completion or graduation rate for the 4 most recent completing or graduating classes of students at the institution of higher education who received athletically related student aid broken down by race and sex in the following categories: basketball, football, baseball, cross country/track, and all other sports combined; and

(F) the average completion or graduation rate for the 4 most recent completing or graduating classes of students at the institution of higher education broken down by race and sex.

(2) When an institution described in paragraph (1) of this subsection offers a potential student athlete athletically related student aid, such institution shall provide to the student and the student's parents, guidance counselor, and coach the information contained in the report submitted by such institution pursuant to paragraph (1). If the institution is a member of a national collegiate athletic association that compiles graduation rate data on behalf of the association's member institutions that the Secretary determines is substantially comparable to the information described in paragraph (1), the distribution of the compilation of such data to all secondary schools in the United States shall fulfill the responsibility of the institution to provide information to a prospective student athlete's guidance counselor and coach.

(3) For purposes of this subsection, institutions may—

(A) exclude from the reporting requirements under paragraphs (1) and (2) the completion or graduation rates of students and student athletes who leave school to serve in the Armed Forces, on official church missions, or with a recognized foreign aid service of the Federal Government; or

(B) in cases where the students described in subparagraph (A) represent 20 percent or more of the certificate- or degree-seeking, full-time, undergraduate students at the institution, calculate the completion or graduation rates of such students by excluding from the calculations described

in paragraph (1) the time period during which such students were not enrolled due to their service in the Armed Forces, on official church missions, or with a recognized foreign aid service of the Federal Government.

(4) Each institution of higher education described in paragraph (1) may provide supplemental information to students and the Secretary showing the completion or graduation rate when such completion or graduation rate includes students transferring into and out of such institution.

(5) The Secretary, using the reports submitted under this subsection, shall compile and publish a report containing the information required under paragraph (1) broken down by—

(A) individual institutions of higher education; and

(B) athletic conferences recognized by the National Collegiate Athletic Association and the National Association of Intercollegiate Athletics.

(6) The Secretary shall waive the requirements of this subsection for any institution of higher education that is a member of an athletic association or athletic conference that has voluntarily published completion or graduation rate data or has agreed to publish data that, in the opinion of the Secretary, is substantially comparable to the information required under this subsection.

(7) The Secretary, in conjunction with the National Junior College Athletic Association, shall develop and obtain data on completion or graduation rates from two-year colleges that award athletically related student aid. Such data shall, to the extent practicable, be consistent with the reporting requirements set forth in this section.

(8) For purposes of this subsection, the term “athletically related student aid” means any scholarship, grant, or other form of financial assistance the terms of which require the recipient to participate in a program of intercollegiate athletics at an institution of higher education in order to be eligible to receive such assistance.

(9) The reports required by this subsection shall be due each July 1 and shall cover the 1-year period ending August 31 of the preceding year.

(f) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—(1) Each eligible institution participating in any program under this title, other than a foreign institution of higher education, shall on August 1, 1991, begin to collect the following information with respect to campus crime statistics and campus security policies of that institution, and beginning September 1, 1992, and each year thereafter, prepare, publish, and distribute, through appropriate publications or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, an annual security report containing at least the following information with respect to the campus security policies and campus crime statistics of that institution:

(A) A statement of current campus policies regarding procedures and facilities for students and others to report criminal actions or other emergencies occurring on campus and policies concerning the institution’s response to such reports.

(B) A statement of current policies concerning security and access to campus facilities, including campus residences, and

security considerations used in the maintenance of campus facilities.

(C) A statement of current policies concerning campus law enforcement, including—

(i) the law enforcement authority of campus security personnel;

(ii) the working relationship of campus security personnel with State and local law enforcement agencies, including whether the institution has agreements with such agencies, such as written memoranda of understanding, for the investigation of alleged criminal offenses; and

(iii) policies which encourage accurate and prompt reporting of all crimes to the campus police and the appropriate law enforcement agencies, when the victim of such crime elects or is unable to make such a report.

(D) A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.

(E) A description of programs designed to inform students and employees about the prevention of crimes.

(F) Statistics concerning the occurrence on campus, in or on noncampus buildings or property, and on public property during the most recent calendar year, and during the 2 preceding calendar years for which data are available—

(i) of the following criminal offenses reported to campus security authorities or local police agencies:

(I) murder;

(II) sex offenses, forcible or nonforcible;

(III) robbery;

(IV) aggravated assault;

(V) burglary;

(VI) motor vehicle theft;

(VII) manslaughter;

(VIII) arson;

(IX) arrests or persons referred for campus disciplinary action for liquor law violations, drug-related violations, and weapons possession; and

(ii) of the crimes described in subclauses (I) through (VIII) of clause (i), of larceny-theft, simple assault, intimidation, and destruction, damage, or vandalism of property, and of other crimes involving bodily injury to any person, in which the victim is intentionally selected because of the actual or perceived race, gender, religion, national origin, sexual orientation, gender identity, ethnicity, or disability of the victim that are reported to campus security authorities or local police agencies, which data shall be collected and reported according to category of prejudice; and

(iii) of domestic violence, dating violence, and stalking incidents that were reported to campus security authorities or local police agencies.

(G) A statement of policy concerning the monitoring and recording through local police agencies of criminal activity at off-campus student organizations which are recognized by the in-

stitution and that are engaged in by students attending the institution, including those student organizations with off-campus housing facilities.

(H) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws and a statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws and a description of any drug or alcohol abuse education programs as required under section 120 of this Act.

(I) A statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(j)), concerning registered sex offenders may be obtained, such as the law enforcement office of the institution, a local law enforcement agency with jurisdiction for the campus, or a computer network address.

(J) A statement of current campus policies regarding immediate emergency response and evacuation procedures, including the use of electronic and cellular communication (if appropriate), which policies shall include procedures to—

(i) immediately notify the campus community upon the confirmation of a significant emergency or dangerous situation involving an immediate threat to the health or safety of students or staff occurring on the campus, as defined in paragraph (6), unless issuing a notification will compromise efforts to contain the emergency;

(ii) publicize emergency response and evacuation procedures on an annual basis in a manner designed to reach students and staff; and

(iii) test emergency response and evacuation procedures on an annual basis.

(2) Nothing in this subsection shall be construed to authorize the Secretary to require particular policies, procedures, or practices by institutions of higher education with respect to campus crimes or campus security.

(3) Each institution participating in any program under this title, other than a foreign institution of higher education, shall make timely reports to the campus community on crimes considered to be a threat to other students and employees described in paragraph (1)(F) that are reported to campus security or local law police agencies. Such reports shall be provided to students and employees in a manner that is timely, that withholds the names of victims as confidential, and that will aid in the prevention of similar occurrences.

(4)(A) Each institution participating in any program under this title, other than a foreign institution of higher education, that maintains a police or security department of any kind shall make, keep, and maintain a daily log, written in a form that can be easily understood, recording all crimes reported to such police or security department, including—

(i) the nature, date, time, and general location of each crime; and

(ii) the disposition of the complaint, if known.

(B)(i) All entries that are required pursuant to this paragraph shall, except where disclosure of such information is prohibited by law or such disclosure would jeopardize the confidentiality of the victim, be open to public inspection within two business days of the initial report being made to the department or a campus security authority.

(ii) If new information about an entry into a log becomes available to a police or security department, then the new information shall be recorded in the log not later than two business days after the information becomes available to the police or security department.

(iii) If there is clear and convincing evidence that the release of such information would jeopardize an ongoing criminal investigation or the safety of an individual, cause a suspect to flee or evade detection, or result in the destruction of evidence, such information may be withheld until that damage is no longer likely to occur from the release of such information.

(5) On an annual basis, each institution participating in any program under this title, other than a foreign institution of higher education, shall submit to the Secretary a copy of the statistics required to be made available under paragraph (1)(F). The Secretary shall—

(A) review such statistics and report to the authorizing committees on campus crime statistics by September 1, 2000;

(B) make copies of the statistics submitted to the Secretary available to the public; and

(C) in coordination with representatives of institutions of higher education, identify exemplary campus security policies, procedures, and practices and disseminate information concerning those policies, procedures, and practices that have proven effective in the reduction of campus crime.

(6)(A) In this subsection:

(i) The terms “dating violence”, “domestic violence”, and “stalking” have the meaning given such terms in section 40002(a) of the Violence Against Women Act of 1994 (42 U.S.C. 13925(a)).

(ii) The term “campus” means—

(I) any building or property owned or controlled by an institution of higher education within the same reasonably contiguous geographic area of the institution and used by the institution in direct support of, or in a manner related to, the institution’s educational purposes, including residence halls; and

(II) property within the same reasonably contiguous geographic area of the institution that is owned by the institution but controlled by another person, is used by students, and supports institutional purposes (such as a food or other retail vendor).

(iii) The term “noncampus building or property” means—

(I) any building or property owned or controlled by a student organization recognized by the institution; and

(II) any building or property (other than a branch campus) owned or controlled by an institution of higher education that is used in direct support of, or in relation to,

the institution's educational purposes, is used by students, and is not within the same reasonably contiguous geographic area of the institution.

(iv) The term "public property" means all public property that is within the same reasonably contiguous geographic area of the institution, such as a sidewalk, a street, other thoroughfare, or parking facility, and is adjacent to a facility owned or controlled by the institution if the facility is used by the institution in direct support of, or in a manner related to the institution's educational purposes.

(v) The term "sexual assault" means an offense classified as a forcible or nonforcible sex offense under the uniform crime reporting system of the Federal Bureau of Investigation.

(B) In cases where branch campuses of an institution of higher education, schools within an institution of higher education, or administrative divisions within an institution are not within a reasonably contiguous geographic area, such entities shall be considered separate campuses for purposes of the reporting requirements of this section.

(7) The statistics described in clauses (i) and (ii) of paragraph (1)(F) shall be compiled in accordance with the definitions used in the uniform crime reporting system of the Department of Justice, Federal Bureau of Investigation, and the modifications in such definitions as implemented pursuant to the Hate Crime Statistics Act. For the offenses of domestic violence, dating violence, and stalking, such statistics shall be compiled in accordance with the definitions used in section 40002(a) of the Violence Against Women Act of 1994 (42 U.S.C. 13925(a)). Such statistics shall not identify victims of crimes or persons accused of crimes.

(8)(A) Each institution of higher education participating in any program under this title and title IV of the Economic Opportunity Act of 1964, other than a foreign institution of higher education, shall develop and distribute as part of the report described in paragraph (1) a statement of policy regarding—

(i) such institution's programs to prevent domestic violence, dating violence, sexual assault, and stalking; and

(ii) the procedures that such institution will follow once an incident of domestic violence, dating violence, sexual assault, or stalking has been reported, including a statement of the standard of evidence that will be used during any institutional conduct proceeding arising from such a report.

(B) The policy described in subparagraph (A) shall address the following areas:

(i) Education programs to promote the awareness of rape, acquaintance rape, domestic violence, dating violence, sexual assault, and stalking, which shall include—

(I) primary prevention and awareness programs for all incoming students and new employees, which shall include—

(aa) a statement that the institution of higher education prohibits the offenses of domestic violence, dating violence, sexual assault, and stalking;

(bb) the definition of domestic violence, dating violence, sexual assault, and stalking in the applicable jurisdiction;

- (cc) the definition of consent, in reference to sexual activity, in the applicable jurisdiction;
- (dd) safe and positive options for bystander intervention that may be carried out by an individual to prevent harm or intervene when there is a risk of domestic violence, dating violence, sexual assault, or stalking against a person other than such individual;
- (ee) information on risk reduction to recognize warning signs of abusive behavior and how to avoid potential attacks; and
- (ff) the information described in clauses (ii) through (vii); and
- (II) ongoing prevention and awareness campaigns for students and faculty, including information described in items (aa) through (ff) of subclause (I).
- (ii) Possible sanctions or protective measures that such institution may impose following a final determination of an institutional disciplinary procedure regarding rape, acquaintance rape, domestic violence, dating violence, sexual assault, or stalking.
- (iii) Procedures victims should follow if a sex offense, domestic violence, dating violence, sexual assault, or stalking has occurred, including information in writing about—
 - (I) the importance of preserving evidence as may be necessary to the proof of criminal domestic violence, dating violence, sexual assault, or stalking, or in obtaining a protection order;
 - (II) to whom the alleged offense should be reported;
 - (III) options regarding law enforcement and campus authorities, including notification of the victim's option to—
 - (aa) notify proper law enforcement authorities, including on-campus and local police;
 - (bb) be assisted by campus authorities in notifying law enforcement authorities if the victim so chooses; and
 - (cc) decline to notify such authorities; and
 - (IV) where applicable, the rights of victims and the institution's responsibilities regarding orders of protection, no contact orders, restraining orders, or similar lawful orders issued by a criminal, civil, or tribal court.
- (iv) Procedures for institutional disciplinary action in cases of alleged domestic violence, dating violence, sexual assault, or stalking, which shall include a clear statement that—
 - (I) such proceedings shall—
 - (aa) provide a prompt, fair, and impartial investigation and resolution; and
 - (bb) be conducted by officials who receive annual training on the issues related to domestic violence, dating violence, sexual assault, and stalking and how to conduct an investigation and hearing process that protects the safety of victims and promotes accountability;
 - (II) the accuser and the accused are entitled to the same opportunities to have others present during an institutional disciplinary proceeding, including the opportunity to

be accompanied to any related meeting or proceeding by an advisor of their choice; and

(III) both the accuser and the accused shall be simultaneously informed, in writing, of—

(aa) the outcome of any institutional disciplinary proceeding that arises from an allegation of domestic violence, dating violence, sexual assault, or stalking;

(bb) the institution's procedures for the accused and the victim to appeal the results of the institutional disciplinary proceeding;

(cc) of any change to the results that occurs prior to the time that such results become final; and

(dd) when such results become final.

(v) Information about how the institution will protect the confidentiality of victims, including how publicly-available recordkeeping will be accomplished without the inclusion of identifying information about the victim, to the extent permissible by law.

(vi) Written notification of students and employees about existing counseling, health, mental health, victim advocacy, legal assistance, and other services available for victims both on-campus and in the community.

(vii) Written notification of victims about options for, and available assistance in, changing academic, living, transportation, and working situations, if so requested by the victim and if such accommodations are reasonably available, regardless of whether the victim chooses to report the crime to campus police or local law enforcement.

(C) A student or employee who reports to an institution of higher education that the student or employee has been a victim of domestic violence, dating violence, sexual assault, or stalking, whether the offense occurred on or off campus, shall be provided with a written explanation of the student or employee's rights and options, as described in clauses (ii) through (vii) of subparagraph (B).

(9) The Secretary, in consultation with the Attorney General of the United States, shall provide technical assistance in complying with the provisions of this section to an institution of higher education who requests such assistance.

(10) Nothing in this section shall be construed to require the reporting or disclosure of privileged information.

(11) The Secretary shall report to the appropriate committees of Congress each institution of higher education that the Secretary determines is not in compliance with the reporting requirements of this subsection.

(12) For purposes of reporting the statistics with respect to crimes described in paragraph (1)(F), an institution of higher education shall distinguish, by means of separate categories, any criminal offenses that occur—

(A) on campus;

(B) in or on a noncampus building or property;

(C) on public property; and

(D) in dormitories or other residential facilities for students on campus.

(13) Upon a determination pursuant to section 487(c)(3)(B) that an institution of higher education has substantially misrepresented

the number, location, or nature of the crimes required to be reported under this subsection, the Secretary shall impose a civil penalty upon the institution in the same amount and pursuant to the same procedures as a civil penalty is imposed under section 487(c)(3)(B).

(14)(A) Nothing in this subsection may be construed to—

(i) create a cause of action against any institution of higher education or any employee of such an institution for any civil liability; or

(ii) establish any standard of care.

(B) Notwithstanding any other provision of law, evidence regarding compliance or noncompliance with this subsection shall not be admissible as evidence in any proceeding of any court, agency, board, or other entity, except with respect to an action to enforce this subsection.

(15) The Secretary shall annually report to the authorizing committees regarding compliance with this subsection by institutions of higher education, including an up-to-date report on the Secretary's monitoring of such compliance.

(16)(A) The Secretary shall seek the advice and counsel of the Attorney General of the United States concerning the development, and dissemination to institutions of higher education, of best practices information about campus safety and emergencies.

(B) The Secretary shall seek the advice and counsel of the Attorney General of the United States and the Secretary of Health and Human Services concerning the development, and dissemination to institutions of higher education, of best practices information about preventing and responding to incidents of domestic violence, dating violence, sexual assault, and stalking, including elements of institutional policies that have proven successful based on evidence-based outcome measurements.

(17) No officer, employee, or agent of an institution participating in any program under this title shall retaliate, intimidate, threaten, coerce, or otherwise discriminate against any individual for exercising their rights or responsibilities under any provision of this subsection.

(18) This subsection may be cited as the “Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act”.

(g) DATA REQUIRED.—

(1) IN GENERAL.—Each coeducational institution of higher education that participates in any program under this title, and has an intercollegiate athletic program, shall annually, for the immediately preceding academic year, prepare a report that contains the following information regarding intercollegiate athletics:

(A) The number of male and female full-time undergraduates that attended the institution.

(B) A listing of the varsity teams that competed in intercollegiate athletic competition and for each such team the following data:

(i) The total number of participants, by team, as of the day of the first scheduled contest for the team.

(ii) Total operating expenses attributable to such teams, except that an institution may also report such expenses on a per capita basis for each team and ex-

penditures attributable to closely related teams such as track and field or swimming and diving, may be reported together, although such combinations shall be reported separately for men's and women's teams.

(iii) Whether the head coach is male or female and whether the head coach is assigned to that team on a full-time or part-time basis. Graduate assistants and volunteers who serve as head coaches shall be considered to be head coaches for the purposes of this clause.

(iv) The number of assistant coaches who are male and the number of assistant coaches who are female for each team and whether a particular coach is assigned to that team on a full-time or part-time basis. Graduate assistants and volunteers who serve as assistant coaches shall be considered to be assistant coaches for the purposes of this clause.

(C) The total amount of money spent on athletically related student aid, including the value of waivers of educational expenses, separately for men's and women's teams overall.

(D) The ratio of athletically related student aid awarded male athletes to athletically related student aid awarded female athletes.

(E) The total amount of expenditures on recruiting, separately for men's and women's teams overall.

(F) The total annual revenues generated across all men's teams and across all women's teams, except that an institution may also report such revenues by individual team.

(G) The average annual institutional salary of the head coaches of men's teams, across all offered sports, and the average annual institutional salary of the head coaches of women's teams, across all offered sports.

(H) The average annual institutional salary of the assistant coaches of men's teams, across all offered sports, and the average annual institutional salary of the assistant coaches of women's teams, across all offered sports.

(I)(i) The total revenues, and the revenues from football, men's basketball, women's basketball, all other men's sports combined and all other women's sports combined, derived by the institution from the institution's intercollegiate athletics activities.

(ii) For the purpose of clause (i), revenues from intercollegiate athletics activities allocable to a sport shall include (without limitation) gate receipts, broadcast revenues, appearance guarantees and options, concessions, and advertising, but revenues such as student activities fees or alumni contributions not so allocable shall be included in the calculation of total revenues only.

(J)(i) The total expenses, and the expenses attributable to football, men's basketball, women's basketball, all other men's sports combined, and all other women's sports combined, made by the institution for the institution's intercollegiate athletics activities.

(ii) For the purpose of clause (i), expenses for intercollegiate athletics activities allocable to a sport shall include

(without limitation) grants-in-aid, salaries, travel, equipment, and supplies, but expenses such as general and administrative overhead not so allocable shall be included in the calculation of total expenses only.

(2) SPECIAL RULE.—For the purposes of paragraph (1)(G), if a coach has responsibilities for more than one team and the institution does not allocate such coach's salary by team, the institution should divide the salary by the number of teams for which the coach has responsibility and allocate the salary among the teams on a basis consistent with the coach's responsibilities for the different teams.

(3) DISCLOSURE OF INFORMATION TO STUDENTS AND PUBLIC.—An institution of higher education described in paragraph (1) shall make available to students and potential students, upon request, and to the public, the information contained in the report described in paragraph (1), except that all students shall be informed of their right to request such information.

(4) SUBMISSION; REPORT; INFORMATION AVAILABILITY.—(A) On an annual basis, each institution of higher education described in paragraph (1) shall provide to the Secretary, within 15 days of the date that the institution makes available the report under paragraph (1), the information contained in the report.

(B) The Secretary shall ensure that the reports described in subparagraph (A) are made available to the public within a reasonable period of time.

(C) Not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, the Secretary shall notify all secondary schools in all States regarding the availability of the information made available under paragraph (1), and how such information may be accessed.

(5) DEFINITION.—For the purposes of this subsection, the term “operating expenses” means expenditures on lodging and meals, transportation, officials, uniforms and equipment.

(h) TRANSFER OF CREDIT POLICIES.—

(1) DISCLOSURE.—Each institution of higher education participating in any program under this title shall publicly disclose, in a readable and comprehensible manner, the transfer of credit policies established by the institution which shall include a statement of the institution's current transfer of credit policies that includes, at a minimum—

(A) any established criteria the institution uses regarding the transfer of credit earned at another institution of higher education, *including with respect to the acceptance or denial of such credit*; and

(B) a list of institutions of higher education with which the institution has established an articulation agreement.

(2) DENIAL OF CREDIT TRANSFER.—*An institution may not establish a transfer of credit policy which denies credit earned at another institution based solely on the source of accreditation of such other institution, provided that such other institution is accredited by an agency or association that is recognized by the Secretary pursuant to section 496.*

[(2)] (3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to—

- (A) authorize the Secretary or the National Advisory Committee on Institutional Quality and Integrity to require particular policies, procedures, or practices by institutions of higher education with respect to transfer of credit;
 - (B) authorize an officer or employee of the Department to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any institution of higher education, or over any accrediting agency or association;
 - (C) limit the application of the General Education Provisions Act; or
 - (D) create any legally enforceable right on the part of a student to require an institution of higher education to accept a transfer of credit from another institution.
- (i) DISCLOSURE OF FIRE SAFETY STANDARDS AND MEASURES.—
- (1) ANNUAL FIRE SAFETY REPORTS ON STUDENT HOUSING REQUIRED.—Each eligible institution participating in any program under this title that maintains on-campus student housing facilities shall, on an annual basis, publish a fire safety report, which shall contain information with respect to the campus fire safety practices and standards of that institution, including—
- (A) statistics concerning the following in each on-campus student housing facility during the most recent calendar years for which data are available:
 - (i) the number of fires and the cause of each fire;
 - (ii) the number of injuries related to a fire that result in treatment at a medical facility;
 - (iii) the number of deaths related to a fire; and
 - (iv) the value of property damage caused by a fire;
 - (B) a description of each on-campus student housing facility fire safety system, including the fire sprinkler system;
 - (C) the number of regular mandatory supervised fire drills;
 - (D) policies or rules on portable electrical appliances, smoking, and open flames (such as candles), procedures for evacuation, and policies regarding fire safety education and training programs provided to students, faculty, and staff; and
 - (E) plans for future improvements in fire safety, if determined necessary by such institution.
- (2) REPORT TO THE SECRETARY.—Each institution described in paragraph (1) shall, on an annual basis, submit to the Secretary a copy of the statistics required to be made available under paragraph (1)(A).
- (3) CURRENT INFORMATION TO CAMPUS COMMUNITY.—Each institution described in paragraph (1) shall—
- (A) make, keep, and maintain a log, recording all fires in on-campus student housing facilities, including the nature, date, time, and general location of each fire; and
 - (B) make annual reports to the campus community on such fires.

(4) RESPONSIBILITIES OF THE SECRETARY.—The Secretary shall—

(A) make the statistics submitted under paragraph (1)(A) to the Secretary available to the public; and

(B) in coordination with nationally recognized fire organizations and representatives of institutions of higher education, representatives of associations of institutions of higher education, and other organizations that represent and house a significant number of students—

(i) identify exemplary fire safety policies, procedures, programs, and practices, including the installation, to the technical standards of the National Fire Protection Association, of fire detection, prevention, and protection technologies in student housing, dormitories, and other buildings;

(ii) disseminate the exemplary policies, procedures, programs and practices described in clause (i) to the Administrator of the United States Fire Administration;

(iii) make available to the public information concerning those policies, procedures, programs, and practices that have proven effective in the reduction of fires; and

(iv) develop a protocol for institutions to review the status of their fire safety systems.

(5) RULES OF CONSTRUCTION.—Nothing in this subsection shall be construed to—

(A) authorize the Secretary to require particular policies, procedures, programs, or practices by institutions of higher education with respect to fire safety, other than with respect to the collection, reporting, and dissemination of information required by this subsection;

(B) affect section 444 of the General Education Provisions Act (commonly known as the “Family Educational Rights and Privacy Act of 1974”) or the regulations issued under section 264 of the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. 1320d–2 note);

(C) create a cause of action against any institution of higher education or any employee of such an institution for any civil liability; or

(D) establish any standard of care.

(6) COMPLIANCE REPORT.—The Secretary shall annually report to the authorizing committees regarding compliance with this subsection by institutions of higher education, including an up-to-date report on the Secretary’s monitoring of such compliance.

(7) EVIDENCE.—Notwithstanding any other provision of law, evidence regarding compliance or noncompliance with this subsection shall not be admissible as evidence in any proceeding of any court, agency, board, or other entity, except with respect to an action to enforce this subsection.

(j) MISSING PERSON PROCEDURES.—

(1) OPTION AND PROCEDURES.—Each institution of higher education that provides on-campus housing and participates in any program under this title shall—

(A) establish a missing student notification policy for students who reside in on-campus housing that—

(i) informs each such student that such student has the option to identify an individual to be contacted by the institution not later than 24 hours after the time that the student is determined missing in accordance with official notification procedures established by the institution under subparagraph (B);

(ii) provides each such student a means to register confidential contact information in the event that the student is determined to be missing for a period of more than 24 hours;

(iii) advises each such student who is under 18 years of age, and not an emancipated individual, that the institution is required to notify a custodial parent or guardian not later than 24 hours after the time that the student is determined to be missing in accordance with such procedures;

(iv) informs each such residing student that the institution will notify the appropriate law enforcement agency not later than 24 hours after the time that the student is determined missing in accordance with such procedures; and

(v) requires, if the campus security or law enforcement personnel has been notified and makes a determination that a student who is the subject of a missing person report has been missing for more than 24 hours and has not returned to the campus, the institution to initiate the emergency contact procedures in accordance with the student's designation; and

(B) establish official notification procedures for a missing student who resides in on-campus housing that—

(i) includes procedures for official notification of appropriate individuals at the institution that such student has been missing for more than 24 hours;

(ii) requires any official missing person report relating to such student be referred immediately to the institution's police or campus security department; and

(iii) if, on investigation of the official report, such department determines that the missing student has been missing for more than 24 hours, requires—

(I) such department to contact the individual identified by such student under subparagraph (A)(i);

(II) if such student is under 18 years of age, and not an emancipated individual, the institution to immediately contact the custodial parent or legal guardian of such student; and

(III) if subclauses (I) or (II) do not apply to a student determined to be a missing person, inform the appropriate law enforcement agency.

(2) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed—

(A) to provide a private right of action to any person to enforce any provision of this subsection; or

(B) to create a cause of action against any institution of higher education or any employee of the institution for any civil liability.

(k) NOTICE TO STUDENTS CONCERNING PENALTIES FOR DRUG VIOLATIONS.—

(1) NOTICE UPON ENROLLMENT.—Each institution of higher education shall provide to each student, upon enrollment, a separate, clear, and conspicuous written notice that advises the student of the penalties under section 484(r).

(2) NOTICE AFTER LOSS OF ELIGIBILITY.—An institution of higher education shall provide in a timely manner to each student who has lost eligibility for any grant, loan, or work-study assistance under this title as a result of the penalties listed under section 484(r)(1) a separate, clear, and conspicuous written notice that notifies the student of the loss of eligibility and advises the student of the ways in which the student can regain eligibility under section 484(r)(2).

(l) ENTRANCE COUNSELING FOR BORROWERS.—

(1) DISCLOSURE REQUIRED PRIOR TO DISBURSEMENT.—

(A) IN GENERAL.—Each eligible institution shall, at or prior to the time of a disbursement to a first-time borrower of a loan made, insured, or guaranteed under part B (other than a loan made pursuant to section 428C or a loan made on behalf of a student pursuant to section 428B) or made under part D (other than a Federal Direct Consolidation Loan or a Federal Direct PLUS loan made on behalf of a student), ensure that the borrower receives comprehensive information on the terms and conditions of the loan and of the responsibilities the borrower has with respect to such loan in accordance with paragraph (2). Such information—

(i) shall be provided in a simple and understandable manner; and

(ii) may be provided—

(I) during an entrance counseling session conducted in person;

(II) on a separate written form provided to the borrower that the borrower signs and returns to the institution; or

(III) online, with the borrower acknowledging receipt of the information.

(B) USE OF INTERACTIVE PROGRAMS.—The Secretary shall encourage institutions to carry out the requirements of subparagraph (A) through the use of interactive programs that test the borrower's understanding of the terms and conditions of the borrower's loans under part B or D, using simple and understandable language and clear formatting.

(2) INFORMATION TO BE PROVIDED.—The information to be provided to the borrower under paragraph (1)(A) shall include the following:

(A) To the extent practicable, the effect of accepting the loan to be disbursed on the eligibility of the borrower for other forms of student financial assistance.

(B) An explanation of the use of the master promissory note.

(C) Information on how interest accrues and is capitalized during periods when the interest is not paid by either the borrower or the Secretary.

(D) In the case of a loan made under section 428B or 428H, a Federal Direct PLUS Loan, or a Federal Direct Unsubsidized Stafford Loan, the option of the borrower to pay the interest while the borrower is in school.

(E) The definition of half-time enrollment at the institution, during regular terms and summer school, if applicable, and the consequences of not maintaining half-time enrollment.

(F) An explanation of the importance of contacting the appropriate offices at the institution of higher education if the borrower withdraws prior to completing the borrower's program of study so that the institution can provide exit counseling, including information regarding the borrower's repayment options and loan consolidation.

(G) Sample monthly repayment amounts based on—

(i) a range of levels of indebtedness of—

(I) borrowers of loans under section 428 or 428H; and

(II) as appropriate, graduate borrowers of loans under section 428, 428B, or 428H; or

(ii) the average cumulative indebtedness of other borrowers in the same program as the borrower at the same institution.

(H) The obligation of the borrower to repay the full amount of the loan, regardless of whether the borrower completes or does not complete the program in which the borrower is enrolled within the regular time for program completion.

(I) The likely consequences of default on the loan, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation.

(J) Information on the National Student Loan Data System and how the borrower can access the borrower's records.

(K) The name of and contact information for the individual the borrower may contact if the borrower has any questions about the borrower's rights and responsibilities or the terms and conditions of the loan.

(m) DISCLOSURES OF REIMBURSEMENTS FOR SERVICE ON ADVISORY BOARDS.—

(1) DISCLOSURE.—Each institution of higher education participating in any program under this title shall report, on an annual basis, to the Secretary, any reasonable expenses paid or provided under section 140(d) of the Truth in Lending Act to any employee who is employed in the financial aid office of the institution, or who otherwise has responsibilities with respect to education loans or other financial aid of the institution. Such reports shall include—

(A) the amount for each specific instance of reasonable expenses paid or provided;

(B) the name of the financial aid official, other employee, or agent to whom the expenses were paid or provided;

(C) the dates of the activity for which the expenses were paid or provided; and

(D) a brief description of the activity for which the expenses were paid or provided.

(2) REPORT TO CONGRESS.—The Secretary shall summarize the information received from institutions of higher education under paragraph (1) in a report and transmit such report annually to the authorizing committees.

* * * * *

SEC. 487. PROGRAM PARTICIPATION AGREEMENTS.

(a) REQUIRED FOR PROGRAMS OF ASSISTANCE; CONTENTS.—In order to be an eligible institution for the purposes of any program authorized under this title, an institution must be an institution of higher education or an eligible institution (as that term is defined for the purpose of that program) and shall, except with respect to a program under subpart 4 of part A, enter into a program participation agreement with the Secretary. The agreement shall condition the initial and continuing eligibility of an institution to participate in a program upon compliance with the following requirements:

(1) The institution will use funds received by it for any program under this title and any interest or other earnings thereon solely for the purpose specified in and in accordance with the provision of that program.

(2) The institution shall not charge any student a fee for processing or handling any application, form, or data required to determine the student's eligibility for assistance under this title or the amount of such assistance.

(3) The institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under this title, together with assurances that the institution will provide, upon request and in a timely fashion, information relating to the administrative capability and financial responsibility of the institution to—

(A) the Secretary;

(B) the appropriate guaranty agency; and

(C) the appropriate accrediting agency or association.

(4) The institution will comply with the provisions of subsection (c) of this section and the regulations prescribed under that subsection, relating to fiscal eligibility.

(5) The institution will submit reports to the Secretary and, in the case of an institution participating in a program under part B or part E, to holders of loans made to the institution's students under such parts at such times and containing such information as the Secretary may reasonably require to carry out the purpose of this title.

(6) The institution will not provide any student with any statement or certification to any lender under part B that qualifies the student for a loan or loans in excess of the amount that student is eligible to borrow in accordance with sections 425(a), 428(a)(2), and 428(b)(1) (A) and (B).

(7) The institution will comply with the requirements of section 485.

(8) In the case of an institution that advertises job placement rates as a means of attracting students to enroll in the institution, the institution will make available to prospective students, at or before the time of application (A) the most recent available data concerning employment statistics, graduation statistics, and any other information necessary to substantiate the truthfulness of the advertisements, and (B) relevant State licensing requirements of the State in which such institution is located for any job for which the course of instruction is designed to prepare such prospective students.

(9) In the case of an institution participating in a program under part B or D, the institution will inform all eligible borrowers enrolled in the institution about the availability and eligibility of such borrowers for State grant assistance from the State in which the institution is located, and will inform such borrowers from another State of the source for further information concerning such assistance from that State.

(10) The institution certifies that it has in operation a drug abuse prevention program that is determined by the institution to be accessible to any officer, employee, or student at the institution.

(11) In the case of any institution whose students receive financial assistance pursuant to section 484(d), the institution will make available to such students a program proven successful in assisting students in obtaining a certificate of high school equivalency.

(12) The institution certifies that—

(A) the institution has established a campus security policy; and

(B) the institution has complied with the disclosure requirements of section 485(f).

(13) The institution will not deny any form of Federal financial aid to any student who meets the eligibility requirements of this title on the grounds that the student is participating in a program of study abroad approved for credit by the institution.

(14)(A) The institution, in order to participate as an eligible institution under part B or D, will develop a Default Management Plan for approval by the Secretary as part of its initial application for certification as an eligible institution and will implement such Plan for two years thereafter.

(B) Any institution of higher education which changes ownership and any eligible institution which changes its status as a parent or subordinate institution shall, in order to participate as an eligible institution under part B or D, develop a Default Management Plan for approval by the Secretary and implement such Plan for two years after its change of ownership or status.

(C) This paragraph shall not apply in the case of an institution in which (i) neither the parent nor the subordinate institution has a cohort default rate in excess of 10 percent, and (ii) the new owner of such parent or subordinate institution does

not, and has not, owned any other institution with a cohort default rate in excess of 10 percent.

(15) The institution acknowledges the authority of the Secretary, guaranty agencies, lenders, accrediting agencies, the Secretary of Veterans Affairs, and the State agencies under subpart 1 of part H to share with each other any information pertaining to the institution's eligibility to participate in programs under this title or any information on fraud and abuse.

(16)(A) The institution will not knowingly employ an individual in a capacity that involves the administration of programs under this title, or the receipt of program funds under this title, who has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving the acquisition, use, or expenditure of funds under this title, or has been judicially determined to have committed fraud involving funds under this title or contract with an institution or third party servicer that has been terminated under section 432 involving the acquisition, use, or expenditure of funds under this title, or who has been judicially determined to have committed fraud involving funds under this title.

(B) The institution will not knowingly contract with or employ any individual, agency, or organization that has been, or whose officers or employees have been—

(i) convicted of, or pled *nolo contendere* or guilty to, a crime involving the acquisition, use, or expenditure of funds under this title; or

(ii) judicially determined to have committed fraud involving funds under this title.

[(17) The institution will complete surveys conducted as a part of the Integrated Postsecondary Education Data System (IPEDS) or any other Federal postsecondary institution data collection effort, as designated by the Secretary, in a timely manner and to the satisfaction of the Secretary.]

(17) The institution or the assigned agent of the institution will collect and submit to the Commissioner for Education Statistics data in accordance with section 132(f), the non-student related surveys within the Integrated Postsecondary Education Data System (IPEDS), or any other Federal institution of higher education data collection effort (as designated by the Secretary), in a timely manner and to the satisfaction of the Secretary.

(18) The institution will meet the requirements established pursuant to section 485(g).

(19) The institution will not impose any penalty, including the assessment of late fees, the denial of access to classes, libraries, or other institutional facilities, or the requirement that the student borrow additional funds, on any student because of the student's inability to meet his or her financial obligations to the institution as a result of the delayed disbursement of the proceeds of a loan made under this title due to compliance with the provisions of this title, or delays attributable to the institution.

[(20) The institution will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or

entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance, except that this paragraph shall not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance.】

(20) *The institution will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities, or in making decisions regarding the award of student financial assistance, except that this paragraph shall not apply—*

(A) to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance; or

(B) to a third party where—

(i) the third party is providing the institution recruiting or admissions activities as part of a larger bundle of services not covered by this paragraph and which may include marketing or advertising activities that broadly disseminate or distribute widely available information;

(ii) the third party does not provide any commission, bonus, or other incentive-based payments to its employees or subcontractors who are providing services to the institution covered in this paragraph; and

(iii) the third party is not awarding or disbursing Federal financial aid awards.

(21) The institution will meet the requirements established by the Secretary and accrediting agencies or associations, and will provide evidence to the Secretary that the institution has the authority to operate within a State.

(22) The institution will comply with the refund policy established pursuant to section 484B.

(23)(A) The institution, if located in a State to which section 4(b) of the National Voter Registration Act of 1993 (42 U.S.C. 1973gg-2(b)) does not apply, will make a good faith effort to distribute a mail voter registration form, requested and received from the State, to each student enrolled in a degree or certificate program and physically in attendance at the institution, and to make such forms widely available to students at the institution.

(B) The institution shall request the forms from the State 120 days prior to the deadline for registering to vote within the State. If an institution has not received a sufficient quantity of forms to fulfill this section from the State within 60 days prior to the deadline for registering to vote in the State, the institution shall not be held liable for not meeting the requirements of this section during that election year.

(C) This paragraph shall apply to general and special elections for Federal office, as defined in section 301(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(3)), and to the elections for Governor or other chief executive within such State).

(D) The institution shall be considered in compliance with the requirements of subparagraph (A) for each student to whom the institution electronically transmits a message containing a voter registration form acceptable for use in the State in which the institution is located, or an Internet address where such a form can be downloaded, if such information is in an electronic message devoted exclusively to voter registration.

[(24) In the case of a proprietary institution of higher education (as defined in section 102(b)), such institution will derive not less than ten percent of such institution's revenues from sources other than Federal funds that are disbursed or delivered to or on behalf of a student to be used to attend such institution (referred to in this paragraph and subsection (d) as "Federal education assistance funds"), as calculated in accordance with subsection (d)(1), or will be subject to the sanctions described in subsection (d)(2).]

(25) In the case of an institution that participates in a loan program under this title, the institution will—

(A) develop a code of conduct with respect to such loans with which the institution's officers, employees, and agents shall comply, that—

(i) prohibits a conflict of interest with the responsibilities of an officer, employee, or agent of an institution with respect to such loans; and

(ii) at a minimum, includes the provisions described in subsection (e);

(B) publish such code of conduct prominently on the institution's website; and

(C) administer and enforce such code by, at a minimum, requiring that all of the institution's officers, employees, and agents with responsibilities with respect to such loans be annually informed of the provisions of the code of conduct.

(26) The institution will, upon written request, disclose to the alleged victim of any crime of violence (as that term is defined in section 16 of title 18, United States Code), or a nonforcible sex offense, the report on the results of any disciplinary proceeding conducted by such institution against a student who is the alleged perpetrator of such crime or offense with respect to such crime or offense. If the alleged victim of such crime or offense is deceased as a result of such crime or offense, the next of kin of such victim shall be treated as the alleged victim for purposes of this paragraph.

(27) In the case of an institution that has entered into a preferred lender arrangement, the institution will at least annually compile, maintain, and make available for students attending the institution, and the families of such students, a list, in print or other medium, of the specific lenders for loans made, insured, or guaranteed under this title or private education loans that the institution recommends, promotes, or endorses in accordance with such preferred lender arrangement. In making such list, the institution shall comply with the requirements of subsection (h).

(28)(A) The institution will, upon the request of an applicant for a private education loan, provide to the applicant the form required under section 128(e)(3) of the Truth in Lending Act (15 U.S.C. 1638(e)(3)), and the information required to complete such form, to the extent the institution possesses such information.

(B) For purposes of this paragraph, the term “private education loan” has the meaning given such term in section 140 of the Truth in Lending Act.

(29) The institution certifies that the institution—

(A) has developed plans to effectively combat the unauthorized distribution of copyrighted material, including through the use of a variety of technology-based deterrents; and

(B) will, to the extent practicable, offer alternatives to illegal downloading or peer-to-peer distribution of intellectual property, as determined by the institution in consultation with the chief technology officer or other designated officer of the institution.

(b) HEARINGS.—(1) An institution that has received written notice of a final audit or program review determination and that desires to have such determination reviewed by the Secretary shall submit to the Secretary a written request for review not later than 45 days after receipt of notification of the final audit or program review determination.

(2) The Secretary shall, upon receipt of written notice under paragraph (1), arrange for a hearing and notify the institution within 30 days of receipt of such notice the date, time, and place of such hearing. Such hearing shall take place not later than 120 days from the date upon which the Secretary notifies the institution.

(c) AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.—(1) Notwithstanding any other provisions of this title, the Secretary shall prescribe such regulations as may be necessary to provide for—

(A)(i) except as provided in clauses (ii) and (iii), a financial audit of an eligible institution with regard to the financial condition of the institution in its entirety, and a compliance audit of such institution with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, on at least an annual basis and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary and shall be available to cognizant guaranty agencies, eligible lenders, State agencies, and the appropriate State agency notifying the Secretary under subpart 1 of part H, except that the Secretary may modify the requirements of this clause with respect to institutions of higher education that are foreign institutions, and may waive such requirements with respect to a foreign institution whose students receive less

than \$500,000 in loans under this title during the award year preceding the audit period;

(ii) with regard to an eligible institution which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period covered by such audit; or

(iii) at the discretion of the Secretary, with regard to an eligible institution (other than an eligible institution described in section 102(a)(1)(C)) that has obtained less than \$200,000 in funds under this title during each of the 2 award years that precede the audit period and submits a letter of credit payable to the Secretary equal to not less than $\frac{1}{2}$ of the annual potential liabilities of such institution as determined by the Secretary, deeming an audit conducted every 3 years to satisfy the requirements of clause (i), except for the award year immediately preceding renewal of the institution's eligibility under section 498(g);

(B) in matters not governed by specific program provisions, the establishment of reasonable standards of financial responsibility and appropriate institutional capability for the administration by an eligible institution of a program of student financial aid under this title, including any matter the Secretary deems necessary to the sound administration of the financial aid programs, such as the pertinent actions of any owner, shareholder, or person exercising control over an eligible institution;

(C)(i) except as provided in clause (ii), a compliance audit of a third party servicer (other than with respect to the servicer's functions as a lender if such functions are otherwise audited under this part and such audits meet the requirements of this clause), with regard to any contract with an eligible institution, guaranty agency, or lender for administering or servicing any aspect of the student assistance programs under this title, at least once every year and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

(ii) with regard to a third party servicer that is audited under chapter 75 of title 31, United States Code, such audit shall be deemed to satisfy the requirements of clause (i) for the period covered by such audit;

(D)(i) a compliance audit of a secondary market with regard to its transactions involving, and its servicing and collection of, loans made under this title, at least once a year and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

(ii) with regard to a secondary market that is audited under chapter 75 of title 31, United States Code, such audit shall be

deemed to satisfy the requirements of clause (i) for the period covered by the audit;

(E) the establishment, by each eligible institution under part B responsible for furnishing to the lender the statement required by section 428(a)(2)(A)(i), of policies and procedures by which the latest known address and enrollment status of any student who has had a loan insured under this part and who has either formally terminated his enrollment, or failed to re-enroll on at least a half-time basis, at such institution, shall be furnished either to the holder (or if unknown, the insurer) of the note, not later than 60 days after such termination or failure to re-enroll;

(F) the limitation, suspension, or termination of the participation in any program under this title of an eligible institution, or the imposition of a civil penalty under paragraph (3)(B) whenever the Secretary has determined, after reasonable notice and opportunity for hearing, that such institution has violated or failed to carry out any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation, except that no period of suspension under this section shall exceed 60 days unless the institution and the Secretary agree to an extension or unless limitation or termination proceedings are initiated by the Secretary within that period of time;

(G) an emergency action against an institution, under which the Secretary shall, effective on the date on which a notice and statement of the basis of the action is mailed to the institution (by registered mail, return receipt requested), withhold funds from the institution or its students and withdraw the institution's authority to obligate funds under any program under this title, if the Secretary—

(i) receives information, determined by the Secretary to be reliable, that the institution is violating any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation,

(ii) determines that immediate action is necessary to prevent misuse of Federal funds, and

(iii) determines that the likelihood of loss outweighs the importance of the procedures prescribed under subparagraph (D) for limitation, suspension, or termination,

except that an emergency action shall not exceed 30 days unless limitation, suspension, or termination proceedings are initiated by the Secretary against the institution within that period of time, and except that the Secretary shall provide the institution an opportunity to show cause, if it so requests, that the emergency action is unwarranted;

(H) the limitation, suspension, or termination of the eligibility of a third party servicer to contract with any institution to administer any aspect of an institution's student assistance program under this title, or the imposition of a civil penalty under paragraph (3)(B), whenever the Secretary has determined, after reasonable notice and opportunity for a hearing, that such organization, acting on behalf of an institution, has violated or failed to carry out any provision of this title, any

regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation, except that no period of suspension under this subparagraph shall exceed 60 days unless the organization and the Secretary agree to an extension, or unless limitation or termination proceedings are initiated by the Secretary against the individual or organization within that period of time; and

(I) an emergency action against a third party servicer that has contracted with an institution to administer any aspect of the institution's student assistance program under this title, under which the Secretary shall, effective on the date on which a notice and statement of the basis of the action is mailed to such individual or organization (by registered mail, return receipt requested), withhold funds from the individual or organization and withdraw the individual or organization's authority to act on behalf of an institution under any program under this title, if the Secretary—

(i) receives information, determined by the Secretary to be reliable, that the individual or organization, acting on behalf of an institution, is violating any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation,

(ii) determines that immediate action is necessary to prevent misuse of Federal funds, and

(iii) determines that the likelihood of loss outweighs the importance of the procedures prescribed under subparagraph (F), for limitation, suspension, or termination, except that an emergency action shall not exceed 30 days unless the limitation, suspension, or termination proceedings are initiated by the Secretary against the individual or organization within that period of time, and except that the Secretary shall provide the individual or organization an opportunity to show cause, if it so requests, that the emergency action is unwarranted.

(2) If an individual who, or entity that, exercises substantial control, as determined by the Secretary in accordance with the definition of substantial control in subpart 3 of part H, over one or more institutions participating in any program under this title, or, for purposes of paragraphs (1) (H) and (I), over one or more organizations that contract with an institution to administer any aspect of the institution's student assistance program under this title, is determined to have committed one or more violations of the requirements of any program under this title, or has been suspended or debarred in accordance with the regulations of the Secretary, the Secretary may use such determination, suspension, or debarment as the basis for imposing an emergency action on, or limiting, suspending, or terminating, in a single proceeding, the participation of any or all institutions under the substantial control of that individual or entity.

(3)(A) Upon determination, after reasonable notice and opportunity for a hearing, that an eligible institution has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, or the employability of its graduates, the Secretary may suspend or terminate the eligibility status for any or all programs under this title of any otherwise eligible insti-

tution, in accordance with procedures specified in paragraph (1)(D) of this subsection, until the Secretary finds that such practices have been corrected.

(B)(i) Upon determination, after reasonable notice and opportunity for a hearing, that an eligible institution—

(I) has violated or failed to carry out any provision of this title or any regulation prescribed under this title; or

(II) has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, and the employability of its graduates,

the Secretary may impose a civil penalty upon such institution of not to exceed \$25,000 for each violation or misrepresentation.

(ii) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

(4) The Secretary shall publish a list of State agencies which the Secretary determines to be reliable authority as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for all Federal student assistance programs.

(5) The Secretary shall make readily available to appropriate guaranty agencies, eligible lenders, State agencies notifying the Secretary under subpart 1 of part H, and accrediting agencies or associations the results of the audits of eligible institutions conducted pursuant to paragraph (1)(A).

(6) The Secretary is authorized to provide any information collected as a result of audits conducted under this section, together with audit information collected by guaranty agencies, to any Federal or State agency having responsibilities with respect to student financial assistance, including those referred to in subsection (a)(15) of this section.

(7) Effective with respect to any audit conducted under this subsection after December 31, 1988, if, in the course of conducting any such audit, the personnel of the Department of Education discover, or are informed of, grants or other assistance provided by an institution in accordance with this title for which the institution has not received funds appropriated under this title (in the amount necessary to provide such assistance), including funds for which reimbursement was not requested prior to such discovery or information, such institution shall be permitted to offset that amount against any sums determined to be owed by the institution pursuant to such audit, or to receive reimbursement for that amount (if the institution does not owe any such sums).

[(d) IMPLEMENTATION OF NON-FEDERAL REVENUE REQUIREMENT.—

[(1) CALCULATION.—In making calculations under subsection

(a)(24), a proprietary institution of higher education shall—

[(A) use the cash basis of accounting, except in the case of loans described in subparagraph (D)(i) that are made by the proprietary institution of higher education;

[(B) consider as revenue only those funds generated by the institution from—

[(i) tuition, fees, and other institutional charges for students enrolled in programs eligible for assistance under this title;

[(ii) activities conducted by the institution that are necessary for the education and training of the institution's students, if such activities are—

[(I) conducted on campus or at a facility under the control of the institution;

[(II) performed under the supervision of a member of the institution's faculty; and

[(III) required to be performed by all students in a specific educational program at the institution; and

[(iii) funds paid by a student, or on behalf of a student by a party other than the institution, for an education or training program that is not eligible for funds under this title, if the program—

[(I) is approved or licensed by the appropriate State agency;

[(II) is accredited by an accrediting agency recognized by the Secretary; or

[(III) provides an industry-recognized credential or certification;

[(C) presume that any Federal education assistance funds that are disbursed or delivered to or on behalf of a student will be used to pay the student's tuition, fees, or other institutional charges, regardless of whether the institution credits those funds to the student's account or pays those funds directly to the student, except to the extent that the student's tuition, fees, or other institutional charges are satisfied by—

[(i) grant funds provided by non-Federal public agencies or private sources independent of the institution;

[(ii) funds provided under a contractual arrangement with a Federal, State, or local government agency for the purpose of providing job training to low-income individuals who are in need of that training;

[(iii) funds used by a student from savings plans for educational expenses established by or on behalf of the student and which qualify for special tax treatment under the Internal Revenue Code of 1986; or

[(iv) institutional scholarships described in subparagraph (D)(iii);

[(D) include institutional aid as revenue to the school only as follows:

[(i) in the case of loans made by a proprietary institution of higher education on or after July 1, 2008 and prior to July 1, 2012, the net present value of such loans made by the institution during the applicable in-

stitutional fiscal year accounted for on an accrual basis and estimated in accordance with generally accepted accounting principles and related standards and guidance, if the loans—

[(I) are bona fide as evidenced by enforceable promissory notes;

[(II) are issued at intervals related to the institution's enrollment periods; and

[(III) are subject to regular loan repayments and collections;

[(ii) in the case of loans made by a proprietary institution of higher education on or after July 1, 2012, only the amount of loan repayments received during the applicable institutional fiscal year, excluding repayments on loans made and accounted for as specified in clause (i); and

[(iii) in the case of scholarships provided by a proprietary institution of higher education, only those scholarships provided by the institution in the form of monetary aid or tuition discounts based upon the academic achievements or financial need of students, disbursed during each fiscal year from an established restricted account, and only to the extent that funds in that account represent designated funds from an outside source or from income earned on those funds;

[(E) in the case of each student who receives a loan on or after July 1, 2008, and prior to July 1, 2011, that is authorized under section 428H or that is a Federal Direct Unsubsidized Stafford Loan, treat as revenue received by the institution from sources other than funds received under this title, the amount by which the disbursement of such loan received by the institution exceeds the limit on such loan in effect on the day before the date of enactment of the Ensuring Continued Access to Student Loans Act of 2008; and

[(F) exclude from revenues—

[(i) the amount of funds the institution received under part C, unless the institution used those funds to pay a student's institutional charges;

[(ii) the amount of funds the institution received under subpart 4 of part A;

[(iii) the amount of funds provided by the institution as matching funds for a program under this title;

[(iv) the amount of funds provided by the institution for a program under this title that are required to be refunded or returned; and

[(v) the amount charged for books, supplies, and equipment, unless the institution includes that amount as tuition, fees, or other institutional charges.

[(2) SANCTIONS.—

[(A) INELIGIBILITY.—A proprietary institution of higher education that fails to meet a requirement of subsection (a)(24) for two consecutive institutional fiscal years shall be ineligible to participate in the programs authorized by this title for a period of not less than two institutional fis-

cal years. To regain eligibility to participate in the programs authorized by this title, a proprietary institution of higher education shall demonstrate compliance with all eligibility and certification requirements under section 498 for a minimum of two institutional fiscal years after the institutional fiscal year in which the institution became ineligible.

[(B) ADDITIONAL ENFORCEMENT.—In addition to such other means of enforcing the requirements of this title as may be available to the Secretary, if a proprietary institution of higher education fails to meet a requirement of subsection (a)(24) for any institutional fiscal year, then the institution's eligibility to participate in the programs authorized by this title becomes provisional for the two institutional fiscal years after the institutional fiscal year in which the institution failed to meet the requirement of subsection (a)(24), except that such provisional eligibility shall terminate—

[(i) on the expiration date of the institution's program participation agreement under this subsection that is in effect on the date the Secretary determines that the institution failed to meet the requirement of subsection (a)(24); or

[(ii) in the case that the Secretary determines that the institution failed to meet a requirement of subsection (a)(24) for two consecutive institutional fiscal years, on the date the institution is determined ineligible in accordance with subparagraph (A).

[(3) PUBLICATION ON COLLEGE NAVIGATOR WEBSITE.—The Secretary shall publicly disclose on the College Navigator website—

[(A) the identity of any proprietary institution of higher education that fails to meet a requirement of subsection (a)(24); and

[(B) the extent to which the institution failed to meet such requirement.

[(4) REPORT TO CONGRESS.—Not later than July 1, 2009, and July 1 of each succeeding year, the Secretary shall submit to the authorizing committees a report that contains, for each proprietary institution of higher education that receives assistance under this title, as provided in the audited financial statements submitted to the Secretary by each institution pursuant to the requirements of subsection (a)(24)—

[(A) the amount and percentage of such institution's revenues received from sources under this title; and

[(B) the amount and percentage of such institution's revenues received from other sources.]

[(e)] (d) CODE OF CONDUCT REQUIREMENTS.—An institution of higher education's code of conduct, as required under subsection (a)(25), shall include the following requirements:

(1) BAN ON REVENUE-SHARING ARRANGEMENTS.—

(A) PROHIBITION.—The institution shall not enter into any revenue-sharing arrangement with any lender.

(B) DEFINITION.—For purposes of this paragraph, the term “revenue-sharing arrangement” means an arrangement between an institution and a lender under which—

(i) a lender provides or issues a loan that is made, insured, or guaranteed under this title to students attending the institution or to the families of such students; and

(ii) the institution recommends the lender or the loan products of the lender and in exchange, the lender pays a fee or provides other material benefits, including revenue or profit sharing, to the institution, an officer or employee of the institution, or an agent.

(2) GIFT BAN.—

(A) PROHIBITION.—No officer or employee of the institution who is employed in the financial aid office of the institution or who otherwise has responsibilities with respect to education loans, or agent who has responsibilities with respect to education loans, shall solicit or accept any gift from a lender, guarantor, or servicer of education loans.

(B) DEFINITION OF GIFT.—

(i) IN GENERAL.—In this paragraph, the term “gift” means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount. The term includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

(ii) EXCEPTIONS.—The term “gift” shall not include any of the following:

(I) Standard material, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.

(II) Food, refreshments, training, or informational material furnished to an officer or employee of an institution, or to an agent, as an integral part of a training session that is designed to improve the service of a lender, guarantor, or servicer of education loans to the institution, if such training contributes to the professional development of the officer, employee, or agent.

(III) Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the institution if such terms, conditions, or benefits are comparable to those provided to all students of the institution.

(IV) Entrance and exit counseling services provided to borrowers to meet the institution’s responsibilities for entrance and exit counseling as required by subsections (b) and (l) of section 485, as long as—

(aa) the institution’s staff are in control of the counseling, (whether in person or via electronic capabilities); and

(bb) such counseling does not promote the products or services of any specific lender.

(V) Philanthropic contributions to an institution from a lender, servicer, or guarantor of education loans that are unrelated to education loans or any contribution from any lender, guarantor, or servicer that is not made in exchange for any advantage related to education loans.

(VI) State education grants, scholarships, or financial aid funds administered by or on behalf of a State.

(iii) **RULE FOR GIFTS TO FAMILY MEMBERS.**—For purposes of this paragraph, a gift to a family member of an officer or employee of an institution, to a family member of an agent, or to any other individual based on that individual's relationship with the officer, employee, or agent, shall be considered a gift to the officer, employee, or agent if—

(I) the gift is given with the knowledge and acquiescence of the officer, employee, or agent; and

(II) the officer, employee, or agent has reason to believe the gift was given because of the official position of the officer, employee, or agent.

(3) **CONTRACTING ARRANGEMENTS PROHIBITED.**—

(A) **PROHIBITION.**—An officer or employee who is employed in the financial aid office of the institution or who otherwise has responsibilities with respect to education loans, or an agent who has responsibilities with respect to education loans, shall not accept from any lender or affiliate of any lender any fee, payment, or other financial benefit (including the opportunity to purchase stock) as compensation for any type of consulting arrangement or other contract to provide services to a lender or on behalf of a lender relating to education loans.

(B) **EXCEPTIONS.**—Nothing in this subsection shall be construed as prohibiting—

(i) an officer or employee of an institution who is not employed in the institution's financial aid office and who does not otherwise have responsibilities with respect to education loans, or an agent who does not have responsibilities with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans;

(ii) an officer or employee of the institution who is not employed in the institution's financial aid office but who has responsibility with respect to education loans as a result of a position held at the institution, or an agent who has responsibility with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans, if the institution has a written conflict of interest policy that clearly sets forth that officers, employees, or agents must recuse them-

selves from participating in any decision of the board regarding education loans at the institution; or

(iii) an officer, employee, or contractor of a lender, guarantor, or servicer of education loans from serving on a board of directors, or serving as a trustee, of an institution, if the institution has a written conflict of interest policy that the board member or trustee must recuse themselves from any decision regarding education loans at the institution.

(4) INTERACTION WITH BORROWERS.—The institution shall not—

(A) for any first-time borrower, assign, through award packaging or other methods, the borrower's loan to a particular lender; or

(B) refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular lender or guaranty agency.

(5) PROHIBITION ON OFFERS OF FUNDS FOR PRIVATE LOANS.—

(A) PROHIBITION.—The institution shall not request or accept from any lender any offer of funds to be used for private education loans (as defined in section 140 of the Truth in Lending Act), including funds for an opportunity pool loan, to students in exchange for the institution providing concessions or promises regarding providing the lender with—

(i) a specified number of loans made, insured, or guaranteed under this title;

(ii) a specified loan volume of such loans; or

(iii) a preferred lender arrangement for such loans.

(B) DEFINITION OF OPPORTUNITY POOL LOAN.—In this paragraph, the term “opportunity pool loan” means a private education loan made by a lender to a student attending the institution or the family member of such a student that involves a payment, directly or indirectly, by such institution of points, premiums, additional interest, or financial support to such lender for the purpose of such lender extending credit to the student or the family.

(6) BAN ON STAFFING ASSISTANCE.—

(A) PROHIBITION.—The institution shall not request or accept from any lender any assistance with call center staffing or financial aid office staffing.

(B) CERTAIN ASSISTANCE PERMITTED.—Nothing in paragraph (1) shall be construed to prohibit the institution from requesting or accepting assistance from a lender related to—

(i) professional development training for financial aid administrators;

(ii) providing educational counseling materials, financial literacy materials, or debt management materials to borrowers, provided that such materials disclose to borrowers the identification of any lender that assisted in preparing or providing such materials; or

(iii) staffing services on a short-term, nonrecurring basis to assist the institution with financial aid-related functions during emergencies, including State-

declared or federally declared natural disasters, federally declared national disasters, and other localized disasters and emergencies identified by the Secretary.

(7) **ADVISORY BOARD COMPENSATION.**—Any employee who is employed in the financial aid office of the institution, or who otherwise has responsibilities with respect to education loans or other student financial aid of the institution, and who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors, shall be prohibited from receiving anything of value from the lender, guarantor, or group of lenders or guarantors, except that the employee may be reimbursed for reasonable expenses incurred in serving on such advisory board, commission, or group.

[(f)] (e) INSTITUTIONAL REQUIREMENTS FOR TEACH-OUTS.—

(1) **IN GENERAL.**—In the event the Secretary initiates the limitation, suspension, or termination of the participation of an institution of higher education in any program under this title under the authority of subsection (c)(1)(F) or initiates an emergency action under the authority of subsection (c)(1)(G) and its prescribed regulations, the Secretary shall require that institution to prepare a teach-out plan for submission to the institution's accrediting agency or association in compliance with section 496(c)(3), the Secretary's regulations on teach-out plans, and the standards of the institution's accrediting agency or association.

(2) **TEACH-OUT PLAN DEFINED.**—In this subsection, the term “teach-out plan” means a written plan that provides for the equitable treatment of students if an institution of higher education ceases to operate before all students have completed their program of study, and may include, if required by the institution's accrediting agency or association, an agreement between institutions for such a teach-out plan.

[(g)] (f) INSPECTOR GENERAL REPORT ON GIFT BAN VIOLATIONS.—The Inspector General of the Department shall—

(1) submit an annual report to the authorizing committees identifying all violations of an institution's code of conduct that the Inspector General has substantiated during the preceding year relating to the gift ban provisions described in subsection (e)(2); and

(2) make the report available to the public through the Department's website.

[(h)] (g) PREFERRED LENDER LIST REQUIREMENTS.—

(1) **IN GENERAL.**—In compiling, maintaining, and making available a preferred lender list as required under subsection (a)(27), the institution will—

(A) clearly and fully disclose on such preferred lender list—

(i) not less than the information required to be disclosed under section 153(a)(2)(A);

(ii) why the institution has entered into a preferred lender arrangement with each lender on the preferred lender list, particularly with respect to terms and conditions or provisions favorable to the borrower; and

(iii) that the students attending the institution, or the families of such students, do not have to borrow from a lender on the preferred lender list;

(B) ensure, through the use of the list of lender affiliates provided by the Secretary under paragraph (2), that—

(i) there are not less than three lenders of loans made under part B that are not affiliates of each other included on the preferred lender list and, if the institution recommends, promotes, or endorses private education loans, there are not less than two lenders of private education loans that are not affiliates of each other included on the preferred lender list; and

(ii) the preferred lender list under this paragraph—

(I) specifically indicates, for each listed lender, whether the lender is or is not an affiliate of each other lender on the preferred lender list; and

(II) if a lender is an affiliate of another lender on the preferred lender list, describes the details of such affiliation;

(C) prominently disclose the method and criteria used by the institution in selecting lenders with which to enter into preferred lender arrangements to ensure that such lenders are selected on the basis of the best interests of the borrowers, including—

(i) payment of origination or other fees on behalf of the borrower;

(ii) highly competitive interest rates, or other terms and conditions or provisions of loans under this title or private education loans;

(iii) high-quality servicing for such loans; or

(iv) additional benefits beyond the standard terms and conditions or provisions for such loans;

(D) exercise a duty of care and a duty of loyalty to compile the preferred lender list under this paragraph without prejudice and for the sole benefit of the students attending the institution, or the families of such students;

(E) not deny or otherwise impede the borrower's choice of a lender or cause unnecessary delay in loan certification under this title for those borrowers who choose a lender that is not included on the preferred lender list; and

(F) comply with such other requirements as the Secretary may prescribe by regulation.

(2) LENDER AFFILIATES LIST.—

(A) IN GENERAL.—The Secretary shall maintain and regularly update a list of lender affiliates of all eligible lenders, and shall provide such list to institutions for use in carrying out paragraph (1)(B).

(B) USE OF MOST RECENT LIST.—An institution shall use the most recent list of lender affiliates provided by the Secretary under subparagraph (A) in carrying out paragraph (1)(B).

[(i)] (h) DEFINITIONS.—For the purpose of this section:

(1) AGENT.—The term “agent” has the meaning given the term in section 151.

(2) **AFFILIATE.**—The term “affiliate” means a person that controls, is controlled by, or is under common control with another person. A person controls, is controlled by, or is under common control with another person if—

(A) the person directly or indirectly, or acting through one or more others, owns, controls, or has the power to vote five percent or more of any class of voting securities of such other person;

(B) the person controls, in any manner, the election of a majority of the directors or trustees of such other person; or

(C) the Secretary determines (after notice and opportunity for a hearing) that the person directly or indirectly exercises a controlling interest over the management or policies of such other person’s education loans.

(3) **EDUCATION LOAN.**—The term “education loan” has the meaning given the term in section 151.

(4) **ELIGIBLE INSTITUTION.**—The term “eligible institution” means any such institution described in section 102 of this Act.

(5) **OFFICER.**—The term “officer” has the meaning given the term in section 151.

(6) **PREFERRED LENDER ARRANGEMENT.**—The term “preferred lender arrangement” has the meaning given the term in section 151.

[(j)] (i) **CONSTRUCTION.**—Nothing in the amendments made by the Higher Education Amendments of 1992 shall be construed to prohibit an institution from recording, at the cost of the institution, a hearing referred to in subsection (b)(2), subsection (c)(1)(D), or subparagraph (A) or (B)(i) of subsection (c)(2), of this section to create a record of the hearing, except the unavailability of a recording shall not serve to delay the completion of the proceeding. The Secretary shall allow the institution to use any reasonable means, including stenographers, of recording the hearing.

SEC. 487A. REGULATORY RELIEF AND IMPROVEMENT.

(a) **QUALITY ASSURANCE PROGRAM.**—

(1) **IN GENERAL.**—The Secretary is authorized to select institutions for voluntary participation in a Quality Assurance Program that provides participating institutions with an alternative management approach through which individual schools develop and implement their own comprehensive systems, related to processing and disbursement of student financial aid, verification of student financial aid application data, and entrance and exit interviews, thereby enhancing program integrity within the student aid delivery system.

(2) **CRITERIA AND CONSIDERATION.**—The Quality Assurance Program authorized by this section shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration current quality assurance goals, as determined by the Secretary. The selection criteria shall ensure the participation of a diverse group of institutions of higher education with respect to size, mission, and geographical distribution.

(3) **WAIVER.**—The Secretary is authorized to waive for any institution participating in the Quality Assurance Program any regulations dealing with reporting or verification requirements

in this title that are addressed by the institution's alternative management system, and may substitute such quality assurance reporting as the Secretary determines necessary to ensure accountability and compliance with the purposes of the programs under this title. The Secretary shall not modify or waive any statutory requirements pursuant to this paragraph.

(4) DETERMINATION.—The Secretary is authorized to determine—

(A) when an institution that is unable to administer the Quality Assurance Program shall be removed from such program; and

(B) when institutions desiring to cease participation in such program will be required to complete the current award year under the requirements of the Quality Assurance Program.

(5) REVIEW AND EVALUATION.—The Secretary shall review and evaluate the Quality Assurance Program conducted by each participating institution and, on the basis of that evaluation, make recommendations regarding amendments to this Act that will streamline the administration and enhance the integrity of Federal student assistance programs. Such recommendations shall be submitted to the authorizing committees.

(b) REGULATORY IMPROVEMENT AND STREAMLINING EXPERIMENTS.—

(1) IN GENERAL.—The Secretary shall continue the voluntary participation of any experimental sites in existence as of July 1, 2007, unless the Secretary determines that such site's participation has not been successful in carrying out the purposes of this section. Any experimental sites approved by the Secretary prior to such date that have not been successful in carrying out the purposes of this section shall be discontinued not later than June 30, 2010.

(2) REPORT.—The Secretary shall review and evaluate the experience of institutions participating as experimental sites and shall, on a biennial basis, submit a report based on the review and evaluation to the authorizing committees. Such report shall include—

(A) a list of participating institutions and the specific statutory or regulatory waivers granted to each institution;

(B) the findings and conclusions reached regarding each of the experiments conducted; and

(C) recommendations for amendments to improve and streamline this Act, based on the results of the experiment.

(3) SELECTION.—

(A) IN GENERAL.—The Secretary is authorized to periodically select a limited number of additional institutions for voluntary participation as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives.

(B) WAIVERS.—The Secretary is authorized to waive, for any institution participating as an experimental site under subparagraph (A), any requirements in this title, including

requirements related to the award process and disbursement of student financial aid (such as innovative delivery systems for modular or compressed courses, or other innovative systems), verification of student financial aid application data, entrance and exit interviews, or other management procedures or processes as determined in the negotiated rulemaking process under section 492, or regulations prescribed under this title, that will bias the results of the experiment, except that the Secretary shall not waive any provisions with respect to award rules (other than an award rule related to an experiment in modular or compressed schedules), grant and loan maximum award amounts, and need analysis requirements unless the waiver of such provisions is authorized by another provision under this title.

(4) DETERMINATION OF SUCCESS.—For the purposes of paragraph (1), the Secretary shall make a determination of success regarding an institution's participation as an experimental site based on—

(A) the ability of the experimental site to reduce administrative burdens to the institution, as documented in the Secretary's biennial report under paragraph (2), without creating costs for the taxpayer; and

(B) whether the experimental site has improved the delivery of services to, or otherwise benefitted, students.

(c) ALTERNATIVE QUALITY ASSURANCE EXPERIMENTAL SITE INITIATIVE.—

(1) EXPERIMENTAL SITE AUTHORIZED.—*The Secretary shall select, in accordance with paragraph (4), eligible entities that voluntarily seek to participate in an Alternative Quality Assurance experimental site initiative for a duration of 5 years and receive the waivers or other flexibility described in paragraph (5) to evaluate whether the eligible entities, during such 5-year period, can maintain high student achievement outcomes while participating in programs under this title without being accredited by an accrediting agency or association recognized under section 496.*

(2) ELIGIBLE ENTITY DEFINED.—*For purposes of this subsection, an eligibility entity means—*

(A) *an institution of higher education (as defined in section 102); or*

(B) *an educational provider that—*

(i) *is not an institution of higher education;*

(ii) *does not receive funding under this Act;*

(iii) *is not accredited by an accrediting agency or association for the purposes of this title; and*

(iv) *is authorized to operate in the State in which the provider is located.*

(3) APPLICATION.—

(A) IN GENERAL.—*Each eligible entity desiring to participate in the experimental site initiative under this subsection shall submit an application to the Secretary, at such time and in such manner as the Secretary may require, which shall contain the information described in subparagraph (B). The Secretary may not require any in-*

formation in such an application that is not described in subparagraph (B).

(B) *CONTENTS.*—Each application under paragraph (1) shall include—

(i) a description of which program of study offered at the eligible entity will be included in the experimental site initiative, including—

(I) in the case of an eligible entity that is an institution of higher education, an attestation that such program meets the standards of accreditation of the institution's accrediting agency or association described in clauses (i) through (iv) of section 496(a)(5)(A) (including the standard requiring that the median value-added earnings of students who complete the program are greater than the median total price charged to students for the program); and

(II) in the case of an eligible entity defined in paragraph (2)(B), documentation and verified administrative data that the program meets standards similar to the standards of accreditation referenced in subclause (I);

(ii) a justification of the reason why the eligible entity seeks to receive the waiver described in paragraph (5)(A), including estimates or documentation of the potential savings to the entity of receiving such waiver; and

(iii) a description of how the eligible entity plans to share the financial risk with the Secretary of receiving the waivers described in paragraph (5), such as by—

(I) providing matching non-Federal funds to the Secretary to cover the cost of at least half of the expected disbursements under this title to the students that enroll in such program for the first year of the experiment;

(II) providing a letter of credit to the Secretary to cover the cost described in subclause (I); or

(III) requesting to be placed on a reimbursement system of payment.

(4) *SELECTION.*—No later than 6 months after the experimental site initiative is announced, the Secretary shall select eligible entities to participate in the initiative based on the applications submitted under paragraph (3). In making such selections, the Secretary—

(A) shall consider—

(i) the number and quality of applications;

(ii) each applicant's ability to effectively share the financial risk as required under paragraph (3)(B)(iii); and

(iii) in the case of an applicant that is an institution of higher education, the applicant's history of compliance with the requirements of this Act;

(B) shall ensure that the selected eligible entities represent a variety of eligible entities with respect to size, mission, and geographic distribution;

(C) shall ensure that the number of eligible entities selected that are institutions of higher education described in paragraph (2)(B) is equal to the number of eligible entities selected that are educational providers described in paragraph (2)(B); and

(D) may not select any eligible entity whose approval to operate in a State is at risk.

(5) **WAIVERS.**—The Secretary is authorized to waive, for any eligible entity participating in the experimental site initiative under this subsection—

(A) any requirements conditioning an eligible entity's eligibility to participate in programs under this title to being accredited by an accrediting agency or association recognized under section 496; and

(B) any other requirements of this title determined necessary by the Secretary to carry out such initiative (including requirements related to the award process and disbursement of student financial aid, or other management procedures or processes), except that the Secretary shall not waive any provisions with respect to award rules (other than an award rule related to an experiment in modular or compressed schedules), grant and loan maximum award amounts, and need analysis requirements, unless the waiver of such provisions is authorized by another provision under this title.

(6) **REVIEW AND EVALUATION.**—

(A) **IN GENERAL.**—The Secretary shall review and evaluate the experimental site initiative conducted under this subsection, including by evaluating, with respect to each participating program of each participating eligible entity, whether—

(i) the median value-added earnings of students who complete the program of study are greater than the median total price charged to students for such program; and

(ii) the program of study is meeting other student achievement outcomes (such as outcomes based on standards of accreditation described in section 496(a)(5)(A)), as appropriate for the program.

(B) **RECOMMENDATIONS.**—If, based on such evaluation, the Secretary determines that participating eligible entities were able to meet the requirement of subparagraph (A)(i) and the other student achievement outcomes evaluated by the Secretary under subparagraph (A)(ii), the Secretary shall submit to the authorizing committees recommendations regarding amendments to this Act that will streamline and enhance the quality assurance process of institutions of higher education, and educational providers described in paragraph (2)(B).

[(c)] (d) **DEFINITIONS.**—For purposes of this section, the term “current award year” means the award year during which the participating institution indicates the institution's intention to cease participation.

* * * * *

SEC. 492A. LIMITATION ON AUTHORITY OF THE SECRETARY TO PROPOSE OR ISSUE REGULATIONS AND EXECUTIVE ACTIONS.

(a) *DRAFT REGULATIONS.*—Beginning after the date of enactment of this section, a draft regulation implementing this title (as described in section 492(b)(1)) that is determined by the Secretary to be economically significant shall be subject to the following requirements (regardless of whether negotiated rulemaking occurs):

(1) The Secretary shall determine whether the draft regulation, if implemented, would result in an increase in a subsidy cost.

(2) If the Secretary determines under paragraph (1) that the draft regulation would result in an increase in a subsidy cost, then the Secretary may take no further action with respect to such regulation.

(b) *PROPOSED OR FINAL REGULATIONS AND EXECUTIVE ACTIONS.*—Beginning after the date of enactment of this section, the Secretary may not issue a proposed rule, final regulation, or executive action implementing this title if the Secretary determines that the rule, regulation, or executive action—

(1) is economically significant; and

(2) would result in an increase in a subsidy cost.

(c) *RELATIONSHIP TO OTHER REQUIREMENTS.*—The analyses required under subsections (a) and (b) shall be in addition to any other cost analysis required under law for a regulation implementing this title, including any cost analysis that may be required pursuant to Executive Order 12866 (58 Fed. Reg. 51735; relating to regulatory planning and review), Executive Order 13563 (76 Fed. Reg. 3821; relating to improving regulation and regulatory review), or any related or successor orders.

(d) *DEFINITION.*—In this section, the term “economically significant”, when used with respect to a draft, proposed, or final regulation or executive action, means that the regulation or executive action is likely, as determined by the Secretary—

(1) to have an annual effect on the economy of \$100,000,000 or more; or

(2) adversely to affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities.

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SEC. 493C. INCOME-BASED REPAYMENT.

(a) *DEFINITIONS.*—In this section:

(1) *EXCEPTED PLUS LOAN.*—The term “excepted PLUS loan” means a loan under section 428B, or a Federal Direct PLUS Loan, that is made, insured, or guaranteed on behalf of a dependent student.

(2) *EXCEPTED CONSOLIDATION LOAN.*—The term “excepted consolidation loan” means a consolidation loan under section 428C, or a Federal Direct Consolidation Loan, if the proceeds of such loan were used to the discharge the liability on an excepted PLUS loan.

(3) PARTIAL FINANCIAL HARDSHIP.—The term “partial financial hardship”, when used with respect to a borrower, means that for such borrower—

(A) the annual amount due on the total amount of loans made, insured, or guaranteed under part B or D (other than an excepted PLUS loan or excepted consolidation loan) to a borrower as calculated under the standard repayment plan under section 428(b)(9)(A)(i) or 455(d)(1)(A), based on a 10-year repayment period; exceeds

(B) 15 percent of the result obtained by calculating, on at least an annual basis, the amount by which—

(i) the borrower’s, and the borrower’s spouse’s (if applicable), adjusted gross income; exceeds

(ii) 150 percent of the poverty line applicable to the borrower’s family size as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

(b) INCOME-BASED REPAYMENT PROGRAM AUTHORIZED.—Notwithstanding any other provision of this Act, the Secretary shall carry out a program under which—

(1) a borrower of any loan made, insured, or guaranteed under part B or D (other than an excepted PLUS loan or excepted consolidation loan) who has a partial financial hardship (whether or not the borrower’s loan has been submitted to a guaranty agency for default aversion or had been in default) may elect, during any period the borrower has the partial financial hardship, to have the borrower’s aggregate monthly payment for all such loans not exceed the result described in subsection (a)(3)(B) divided by 12;

(2) the holder of such a loan shall apply the borrower’s monthly payment under this subsection first toward interest due on the loan, next toward any fees due on the loan, and then toward the principal of the loan;

(3) any interest due and not paid under paragraph (2)—

(A) shall, on subsidized loans, be paid by the Secretary for a period of not more than 3 years after the date of the borrower’s election under paragraph (1), except that such period shall not include any period during which the borrower is in deferment due to an economic hardship described in section 435(o); and

(B) *shall accrue but not* be capitalized—

(i) in the case of a subsidized loan, subject to subparagraph (A), at the time the borrower—

(I) ends the election to make income-based repayment under this subsection; or

(II) begins making payments of not less than the amount specified in paragraph (6)(A); or

(ii) in the case of an unsubsidized loan, at the time the borrower—

(I) ends the election to make income-based repayment under this subsection; or

(II) begins making payments of not less than the amount specified in paragraph (6)(A);

(4) any principal due and not paid under paragraph (2) shall be deferred;

(5) the amount of time the borrower makes monthly payments under paragraph (1) may exceed 10 years;

(6) if the borrower no longer has a partial financial hardship or no longer wishes to continue the election under this subsection, then—

(A) the maximum monthly payment required to be paid for all loans made to the borrower under part B or D (other than an excepted PLUS loan or excepted consolidation loan) shall not exceed the monthly amount calculated under section 428(b)(9)(A)(i) or 455(d)(1)(A), based on a 10-year repayment period, when the borrower first made the election described in this subsection; and

(B) the amount of time the borrower is permitted to repay such loans may exceed 10 years;

(7) the Secretary shall repay or cancel any outstanding balance of principal and interest due on all loans made under part B or D (other than a loan under section 428B or a Federal Direct PLUS Loan) to a borrower who—

(A) at any time, elected to participate in income-based repayment under paragraph (1); and

(B) for a period of time prescribed by the Secretary, not to exceed 25 years, meets 1 or more of the following requirements—

(i) has made reduced monthly payments under paragraph (1) or paragraph (6);

(ii) has made monthly payments of not less than the monthly amount calculated under section 428(b)(9)(A)(i) or 455(d)(1)(A), based on a 10-year repayment period, when the borrower first made the election described in this subsection;

(iii) has made payments of not less than the payments required under a standard repayment plan under section 428(b)(9)(A)(i) or 455(d)(1)(A) with a repayment period of 10 years;

(iv) has made payments under an income-contingent repayment plan under section 455(d)(1)(D); or

(v) has been in deferment due to an economic hardship described in section 435(o);

(8) a borrower who is repaying a loan made under part B or D pursuant to income-based repayment may elect, at any time, to terminate repayment pursuant to income-based repayment and repay such loan under the standard repayment plan; and

(9) the special allowance payment to a lender calculated under section 438(b)(2)(I), when calculated for a loan in repayment under this section, shall be calculated on the principal balance of the loan and on any accrued interest unpaid by the borrower in accordance with this section.

(c) ELIGIBILITY DETERMINATIONS.—

(1) IN GENERAL.—The Secretary shall establish procedures for annually determining the borrower's eligibility for income-based repayment, including verification of a borrower's annual income and the annual amount due on the total amount of loans made, insured, or guaranteed under part B or D (other than an excepted PLUS loan or excepted consolidation loan),

and such other procedures as are necessary to effectively implement income-based repayment under this section.

(2) PROCEDURES FOR ELIGIBILITY.—The Secretary shall—

(A) consider, but is not limited to, the procedures established in accordance with section 455(e)(1) or in connection with income sensitive repayment schedules under section 428(b)(9)(A)(iii) or 428C(b)(1)(E); and

(B) carry out, with respect to borrowers of any loan made under part D (other than an excepted PLUS loan or excepted consolidation loan), procedures for income-based repayment plans that are equivalent to the procedures carried out under section 455(e)(8) with respect to income-contingent repayment plans.

(d) SPECIAL RULE FOR MARRIED BORROWERS FILING SEPARATELY.—In the case of a married borrower who files a separate Federal income tax return, the Secretary shall calculate the amount of the borrower's income-based repayment under this section solely on the basis of the borrower's student loan debt and adjusted gross income.

(e) SPECIAL TERMS FOR NEW BORROWERS ON AND AFTER JULY 1, 2014.—With respect to any loan made to a new borrower on or after July 1, 2014—

(1) subsection (a)(3)(B) shall be applied by substituting “10 percent” for “15 percent”; and

(2) subsection (b)(7)(B) shall be applied by substituting “20 years” for “25 years”.

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PART H—PROGRAM INTEGRITY

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Subpart 2—Accrediting Agency Recognition

SEC. 496. RECOGNITION OF ACCREDITING AGENCY OR ASSOCIATION.

(a) CRITERIA REQUIRED.—No accrediting agency or association may be determined by the Secretary to be a reliable authority as to the quality of education [or training] *skills development* offered for the purposes of this Act or for other Federal purposes, unless the agency or association meets criteria established by the Secretary pursuant to this section. The Secretary shall, after notice and opportunity for a hearing, establish criteria for such determinations. Such criteria shall include an appropriate measure or measures of student achievement. Such criteria shall require that—

[(1) the accrediting agency or association shall be a State, regional, or national agency or association and shall demonstrate the ability and the experience to operate as an accrediting agency or association within the State, region, or nationally, as appropriate;]

(1) the accrediting agency or association (other than an accrediting agency or association described in paragraph (2)(D)) shall be a State or national agency or association and shall demonstrate the ability to operate as an institutional or pro-

grammatic accrediting agency or association within the State or nationally, as appropriate;

(2) such agency or association—

(A)(i) for the purpose of participation in programs under this Act, has a voluntary membership of institutions of higher education and has as a **principal** purpose the accrediting of institutions of higher education; or

(ii) for the purpose of participation in other programs administered by the Department of Education or other Federal agencies, has a voluntary membership and has as **its principal** a purpose the accrediting of institutions of higher education or programs;

(B) is a State agency approved by the Secretary for the purpose described in subparagraph (A); or

(C) is an agency or association that, for the purpose of determining eligibility for student assistance under this title, conducts accreditation through (i) a voluntary membership organization of individuals participating in a profession, or (ii) an agency or association which has as its principal purpose the accreditation of programs within institutions, which institutions are accredited by another agency or association recognized by the Secretary; or

(D) is an entity (such as an industry-specific quality assurance entity) that has been—

(i) determined by a State to be a reliable authority as to the quality of education or skills development offered in such State for the purposes of this Act; and

(ii) designated (in accordance with subsection (b)(1)) by such State as an accrediting agency or association with respect to such State for such purposes;

(3) if such agency or association is an agency or association described in—

[(A) subparagraph (A)(i) of paragraph (2), then such agency or association is separate and independent, both administratively and financially of any related, associated, or affiliated trade association or membership organization;]

(A) subparagraph (A), (C), or (D) of paragraph (2), then such agency or association is—

(i) distinctly incorporated or organized; and

(ii) both administratively and financially separate from, and independent of, any related, associated, or affiliated trade association or membership organization, by ensuring that—

(I) the members of the board or governing body of the accrediting agency or association are not elected or selected by the board or chief executive officer (or the representative of such board or officer) of any related, associated, or affiliated trade association or membership organization;

(II) among the membership of the board or governing body of the accrediting agency or association—

(aa) if such board or body is comprised of 5 or fewer members, there is a minimum of one

public member who represents business and who is not a member of any related, associated, or affiliated trade association or membership organization; and

(bb) if such board or body is comprised of 6 or more members, there is a minimum of 1 such public member for every 6 members;

(III) guidelines are established for such members to avoid conflicts of interest, including specific guidelines to ensure that no such member is an employee of any institution accredited by the agency or association or has a financial interest in any such institution;

(IV) dues to the accrediting agency or association are paid separately from any dues paid to any related, associated, or affiliated trade association or membership organization; and

(V) the budget of the accrediting agency or association is developed, decided, and maintained by the accrediting agency or association without any review by, consultation with, or approval by any related, associated, or affiliated trade association or membership organization;

(B) subparagraph (B) of paragraph (2), then such agency or association has been recognized by the Secretary on or before October 1, 1991; **[or]**

[(C) subparagraph (C) of paragraph (2) and such agency or association has been recognized by the Secretary on or before October 1, 1991, then the Secretary may waive the requirement that such agency or association is separate and independent, both administratively and financially of any related, associated, or affiliated trade association or membership organization upon a demonstration that the existing relationship has not served to compromise the independence of its accreditation process;]

(4)(A) such agency or association consistently applies and enforces standards that respect the stated mission of the institution of higher education, including religious missions (*in the manner described in subparagraph (B)*), and that ensure that the courses or programs of instruction, training, or study offered by the institution of higher education, including distance education or correspondence courses or programs, are of sufficient quality to achieve, for the duration of the accreditation period, the stated objective for which the courses or the programs are offered; **[and]**

[(B) if such agency or association has or seeks to include within its scope of recognition the evaluation of the quality of institutions or programs offering distance education or correspondence education, such agency or association shall, in addition to meeting the other requirements of this subpart, demonstrate to the Secretary that—

[(i) the agency or association's standards effectively address the quality of an institution's distance education or correspondence education in the areas identified in paragraph (5), except that—

[(I) the agency or association shall not be required to have separate standards, procedures, or policies for the evaluation of distance education or correspondence education institutions or programs in order to meet the requirements of this subparagraph; and

[(II) in the case that the agency or association is recognized by the Secretary, the agency or association shall not be required to obtain the approval of the Secretary to expand its scope of accreditation to include distance education or correspondence education, provided that the agency or association notifies the Secretary in writing of the change in scope; and

[(ii) the agency or association requires an institution that offers distance education or correspondence education to have processes through which the institution establishes that the student who registers in a distance education or correspondence education course or program is the same student who participates in and completes the program and receives the academic credit;]

(B) such accrediting agency or association consistently applies and enforces standards that respect the stated religious mission of an institution of higher education by—

(i) basing decisions regarding accreditation and preaccreditation on the standards of accreditation of such agency or association; and

(ii) not using as a negative factor the institution's religious mission based policies, decisions, and practices in the areas covered by subparagraphs (B), (C), (D), (E), and (F) of paragraph (5), except that the agency or association may require that the institution's or a program of study's curricula include all core components required by the agency or association that are not inconsistent with the institution's religious mission; and

(C) such agency or association demonstrates the ability to review, evaluate, and assess the quality of any instruction delivery model or method such agency or association has or seeks to include within its scope of recognition, without giving preference to or differentially treating a particular instruction delivery model or method offered by an institution of higher education or program, except that—

(i) in a case in which the instruction delivery model allows for the separation of the student from the instructor, the agency or association shall not be required to have separate standards, procedures, or policies for the evaluation of the quality of any instruction delivery model or method in order to meet the requirements of this subparagraph; and

(ii) in the case in which the instruction delivery model allows for the separation of the student from the instructor—

(I) the agency or association requires the institution to have processes through which the institution establishes that the student who registers in a course or program is the same student who participates in the program (including, to the extent prac-

licable, the testing or other assessments required under the program), completes the program, and receives the academic credit; and

(II) the agency or association requires that any process used by an institution to comply with the requirement under clause (I) does not infringe upon student privacy and is implemented in a manner that is minimally burdensome to the student;

(5) the standards for accreditation of the agency or association assess the institution's—

[(A) success with respect to student achievement in relation to the institution's mission, which may include different standards for different institutions or programs, as established by the institution, including, as appropriate, consideration of State licensing examinations, consideration of course completion, and job placement rates;]

(A) success with respect to student achievement outcomes in relation to the institution's mission and to the programs the institution offers, or the mission of a specific degree, certificate, or credential program, which may include different standards for different institutions or programs, and which shall include—

(i) standards for consideration of the median total price charged to students for a program of study in relation to the median value-added earnings of students who completed such program;

(ii) standards for consideration of learning outcomes measures (such as competency attainment and licensing examination passage rates);

(iii) standards for consideration of labor market outcomes measures (such as employer satisfaction surveys, employability measures, earnings gains, employment rates, or other similar approaches); and

(iv) standards for consideration of student success outcomes measures (such as completion rates, retention rates, and loan repayment rates);

(B) curricula;

(C) faculty;

(D) facilities, equipment, and supplies;

(E) fiscal and administrative capacity as appropriate to the specified scale of operations;

(F) student support services;

(G) recruiting and admissions practices, academic calendars, catalogs, publications, grading and advertising;

(H) measures of program length and the objectives of the degrees or credentials offered;

[(I) record of student complaints received by, or available to, the agency or association; and]

(I) record of student complaints received by, or available to, the agency or association, and a process for resolving complaints received by the institution; and

(J) record of compliance with its program responsibilities under title IV of this Act based on the most recent student loan default rate data provided by the Secretary and the

median total price charged to students for a program of study in relation to the median value-added earnings of students who completed such program provided by the Secretary, the results of financial or compliance audits, program reviews, and any such other information as the Secretary may provide to the agency or association;
 except that subparagraphs (A), (H), and (J) shall not apply to agencies or associations described in paragraph (2)(A)(ii) of this subsection;

(6) such an agency or association shall establish and apply review procedures throughout the accrediting process, including evaluation and withdrawal proceedings, which comply with due process procedures that provide—

(A) for adequate written specification of—

(i) requirements, including clear standards for an institution of higher education or program to be accredited; and

(ii) identified deficiencies at the institution or program examined;

(B) for sufficient opportunity for a written response, by an institution or program, regarding any deficiencies identified by the agency or association to be considered by the agency or association—

(i) within a timeframe determined by the agency or association; and

(ii) prior to final action in the evaluation and withdrawal proceedings;

(C) upon the written request of an institution or program, for an opportunity for the institution or program to appeal any adverse action under this section, including denial, withdrawal, suspension, or termination of accreditation, taken against the institution or program, prior to such action becoming final at a hearing before an appeals panel that—

(i) shall not include current members of the agency's or association's underlying decisionmaking body that made the adverse decision; and

(ii) is subject to a conflict of interest policy;

(D) for the right to representation and participation by counsel for an institution or program during an appeal of the adverse action;

(E) for a process, in accordance with written procedures developed by the agency or association, through which an institution or program, before a final adverse action based solely upon a failure to meet a standard or criterion pertaining to finances, may on one occasion seek review of significant financial information that was unavailable to the institution or program prior to the determination of the adverse action, and that bears materially on the financial deficiencies identified by the agency or association;

(F) in the case that the agency or association determines that the new financial information submitted by the institution or program under subparagraph (E) meets the criteria of significance and materiality described in such subparagraph, for consideration by the agency or association

of the new financial information prior to the adverse action described in such subparagraph becoming final; and

(G) that any determination by the agency or association made with respect to the new financial information described in subparagraph (E) shall not be separately appealable by the institution or program;

(7) such agency or association shall notify the Secretary and the appropriate State licensing or authorizing agency within 30 days of the accreditation of an institution or any final denial, withdrawal, suspension, or termination of accreditation or placement on probation of an institution, together with any other adverse action taken with respect to an institution; and

(8) such agency or association shall make available to the public, upon request, and to the Secretary, and the State licensing or authorizing agency a summary of any review resulting in a final accrediting decision involving denial, termination, or suspension of accreditation, together with the comments of the affected institution.

[(b) SEPARATE AND INDEPENDENT DEFINED.—For the purpose of subsection (a)(3), the term “separate and independent” means that—

[(1) the members of the postsecondary education governing body of the accrediting agency or association are not elected or selected by the board or chief executive officer of any related, associated, or affiliated trade association or membership organization;

[(2) among the membership of the board of the accrediting agency or association there shall be one public member (who is not a member of any related trade or membership organization) for each six members of the board, with a minimum of one such public member, and guidelines are established for such members to avoid conflicts of interest;

[(3) dues to the accrediting agency or association are paid separately from any dues paid to any related, associated, or affiliated trade association or membership organization; and

[(4) the budget of the accrediting agency or association is developed and determined by the accrediting agency or association without review or resort to consultation with any other entity or organization.]

(b) SECRETARIAL REQUIREMENTS AND AUTHORITY.—

(1) STATE DESIGNATED ACCREDITING AGENCY.—

(A) APPROVAL OF STATE PLANS.—*The Secretary shall—*

(i) approve a State’s designation of an entity as an accrediting agency or association for the purposes described in subsection (a)(2)(D) for a 5-year period, beginning not later than 30 days after receipt of the plan from such State with respect to such designation, if such plan includes each of the elements listed in subparagraph (B);

(ii) submit to the State and the authorizing committees, and make publicly available the Secretary’s response to the State with respect to such plan, including whether the plan includes each of the elements listed in subparagraph (B); and

(iii) if a State's designation of an entity as an accrediting agency or association is approved pursuant to this subparagraph, publish in the Federal Register with a 30-day public comment period—

(I) the plan submitted by such State with respect to such designation; and

(II) the Secretary's response to such plan.

(B) **REQUIRED PLAN ELEMENTS.**—The required elements of a State plan submitted under subparagraph (A) with respect to the designation of an entity as an accrediting agency or association are as follows:

(i) A description of the process the State used to select the entity for such designation.

(ii) A justification of the State's decision to select the entity for such designation.

(iii) A description of any requirements (in addition to the requirements of this section), that the State required the entity to comply with as a condition of receiving and maintaining such designation.

(iv) A copy of the standards, policies, and procedures of the entity that the State considered in selecting the entity for such designation.

(v) The State's assessment of how the standards for accreditation of the entity will be effective in meeting the requirements of subsection (a)(5).

(vi) Evidence that at least one other State has determined that such entity is a reliable authority as to the quality of education offered for the purposes of this Act.

(vii) An assurance that the State will comply with the monitoring requirements described in subparagraph (C).

(C) **STATE MONITORING.**—

(i) **IN GENERAL.**—A State that has designated an entity as an accrediting agency or association for the purposes described in subsection (a)(2)(D) shall submit to the Secretary, and to the State authorizing entity, as appropriate, a report at the end of the 5-year period for which the entity has received such designation, which shall include, with respect to each postsecondary education program or institution that has been accredited by such entity during such period, and disaggregated by type of credential, certification, or degree—

(I) the number and percentage of students who have successfully obtained a postsecondary education credential, certification, or degree offered by such program or institution; and

(II) the number and percentage of students who were enrolled and did not successfully obtain such a credential, certification, or degree within 150 percent of the program length.

(ii) **COUNTING TRANSFER STUDENTS.**—For purposes of clause (i)(I), a student shall be counted as obtaining a credential, certification, or degree offered by a program or institution that was accredited by the entity during the period for which the report under this subpara-

graph is being submitted, if the student obtains such credential, certification, or degree after transferring to another institution during such period.

(2) **AUTHORITY TO PROVIDE AN ACCELERATED PATH TO RECOGNITION.**—*With respect to a prospective accrediting agency or association that submits to the Secretary an application for initial recognition under this Act, the Secretary may provide such recognition to such agency or association within 2 years after receipt of such application, if such application—*

(A) demonstrates that the agency or association—

(i) has at least one year of experience in making accreditation or preaccreditation decisions; and

(ii) has policies in place that meet all the criteria under subsection (a) for recognition covering the range of the specific degrees, certificates, institutions, or program of study for which the agency or association seeks such recognition; and

(B) provides an assurance that if the agency or association receives such recognition, the agency or association will submit to the Secretary monitoring reports regarding accreditation or preaccreditation decisions, as appropriate.

(3) **DEVELOPMENT OF COMMON TERMINOLOGY.**—*Not later than 18 months after the date of enactment of the College Cost Reduction Act, the Secretary shall—*

(A) convene a panel of experts to develop common terminology for accrediting agencies or associations to use in making accrediting decisions with respect to program of study or institutions, such as a common understanding of monitoring, warning, show cause, and other relevant statuses, as appropriate; and

(B) publish the recommendations for such common terminology in the Federal Register with a 60-day public comment period.

(c) **OPERATING PROCEDURES REQUIRED.**—*No accrediting agency or association may be recognized by the Secretary as a reliable authority as to the quality of education or training offered by an institution seeking to participate in the programs authorized under this title, unless the agency or association—*

(1) performs, at regularly established intervals (which may vary based on institutional risk consistent with policies promulgated by the agency or association to determine such risk and interval frequency as authorized under subsection (p)), on-site inspections and reviews of institutions of higher education (which may include unannounced site visits) with particular focus on educational quality and program effectiveness, and ensures that accreditation team members are well-trained and knowledgeable with respect to their responsibilities[, including those regarding distance education];

(2) develops a policy process to identify any institution or program of study accredited by the agency or association that is not meeting the standards for accreditation of the agency or association, with a focus on the standards assessing an institution's or program of study's student achievement outcomes described in subsection (a)(5)(A), and other indicators, which shall include—

(A) *not less than annually, evaluating the extent to which such an identified institution or program of study continues to be in compliance with such standards or other indicators; and*

(B) *as appropriate, requiring the institution or program of study to submit a plan, on an annual basis, to the accrediting agency or association to—*

(i) address and remedy performance issues with respect to such compliance; and

(ii) ensure that such plan is successfully implemented;

[(2)] (3) *monitors the growth of programs at institutions that are experiencing significant enrollment growth;*

[(3)] (4) *requires an institution to submit for approval to the accrediting agency a teach-out plan upon the occurrence of any of the following events:*

(A) the Department notifies the accrediting agency of an action against the institution pursuant to section 487(f);

(B) the accrediting agency acts to withdraw, terminate, or suspend the accreditation of the institution; or

(C) the institution notifies the accrediting agency that the institution intends to cease operations;

[(4)] *requires that any institution of higher education subject to its jurisdiction which plans to establish a branch campus submit a business plan, including projected revenues and expenditures, prior to opening the branch campus;*

(5) establishes and applies or maintains policies, which ensure that any substantive change to the educational mission, program of study, or program of study of an institution after the agency or association has granted the institution accreditation or preaccreditation status does not adversely affect the capacity of the institution to continue to meet the agency's or association's standards for such accreditation or preaccreditation status, which shall include policies that—

(A) require the institution to obtain the agency's or association's approval of the substantive change before the agency or association includes the change in the scope of the institution's accreditation or preaccreditation status; and

(B) define substantive change to include, at a minimum—

(i) any change in the established mission or objectives of the institution;

(ii) any change in the legal status, form of control, or ownership of the institution, including the acquisition or addition of any other institution or new location where more than 50 percent of a program is offered;

(iii) the addition of program of study at a higher credential level from the credential level previously accredited by the agency or association; or

(iv) the entering into a contract under which an institution or organization not certified to participate in programs under this title offers more than 25 percent but less than 50 percent of the instruction of an edu-

cational program of the institution with such accreditation or preaccreditation status;

[(5)] (6) agrees to conduct, as soon as practicable, but within a period of not more than 6 months of the establishment of a new branch campus or a change of ownership of an institution of higher education, an on-site visit of that branch campus or of the institution after a change of ownership;

[(6)] (7) requires that teach-out agreements among institutions are subject to approval by the accrediting agency or association consistent with standards promulgated by such agency or association;

[(7)] (8) makes available to the public, *on the agency's or association's website*, and the State licensing or authorizing agency, and submits to the Secretary, a summary of agency or association actions, including—

(A) the award of accreditation or reaccreditation of an institution;

(B) final denial, withdrawal, suspension, or termination of accreditation of an institution, and any findings made in connection with the action taken, together with the official comments of the affected institution; and

(C) any other adverse action taken with respect to an institution or placement on probation of an institution, *and a summary of why such action was taken or such placement was made;*

[(8)] (9) discloses publicly whenever an institution of higher education subject to its jurisdiction is being considered for accreditation or reaccreditation; **[and]**

[(9)] (10) confirms, as a part of the agency's or association's review for accreditation or reaccreditation, that the institution has transfer of credit policies—

(A) that are publicly disclosed; and

(B) that include a statement of the criteria established by the institution regarding the transfer of credit earned at another institution of higher education**[(1)]**, *including an assurance that the institution does not deny a transfer of credit based solely on the accreditation of the institution at which the credit was earned;*

(11) *such agency or association shall make publicly available, on the agency or association's website, a list of the institutions of higher education or program of study accredited by such agency or association, which includes, with respect to each such institution or program of study—*

(A) *the year accreditation was granted;*

(B) *the most recent date of an award of accreditation or reaccreditation; and*

(C) *the anticipated date of the institution's next evaluation for reaccreditation;*

(12) *confirms that the standards for accreditation of the agency or association do not—*

(A) *except as provided in subparagraph (B)—*

(i) *require, encourage, or coerce any institution to—*

(I) *support, oppose, or commit to supporting or opposing—*

(aa) a specific partisan, political, or ideological viewpoint or belief or set of such viewpoints or beliefs; or

(bb) a specific viewpoint or belief or set of viewpoints or beliefs on social, cultural, or political issues; or

(II) support or commit to supporting the disparate treatment of any individual or group of individuals on the basis of any protected class under Federal civil rights law, except as required by Federal law or a court order; or

(ii) assess an institution's or program of study's commitment to any ideology, belief, or viewpoint; or

(B) prohibit an institution—

(i) from having a religious mission or from requiring an applicant, student, employee, or independent contractor (such as an adjunct professor) of such an institution to—

(I) provide or adhere to a statement of faith; or

(II) adhere to a code of conduct consistent with the stated religious mission of such institution or the religious tenets of such organization; or

(ii) from requiring an applicant, student, employee, or contractor to take an oath to uphold the Constitution of the United States; or

(C) require, encourage, or coerce an institution of higher education to violate any right protected by the Constitution;

(13) confirms that the standards for accreditation of the agency or association do not assess the roles (including actions or statements) of elected and appointed State and Federal officials and legislative bodies; and

(14) confirms that the standards for accreditation of the agency or association do not require an institution to develop a program of study leading to a degree, certificate, or recognized postsecondary credential that is not in response to the needs of an industry or occupation.

(d) **LENGTH OF RECOGNITION.—[No accrediting]**

(1) **IN GENERAL.**—Except as otherwise provided in paragraph (2), no accrediting agency or association may be recognized by the Secretary for the purpose of this Act for a period of more than 5 years.

(2) **LONGER RECOGNITION AUTHORIZED FOR CERTAIN AGENCIES AND ASSOCIATIONS.**—Notwithstanding paragraph (1), an accrediting agency or association that has been recognized by the Secretary for the purpose of this Act for a period of 5 years, may be recognized for an additional period of up to 3 years, if the Secretary determines, based on the performance of the accrediting agency or association during its recognition period under this Act, that the accrediting agency or association—

(A) has the capability to evaluate the quality of institutions or program of study; and

(B) has maintained compliance with the criteria for accrediting agencies or associations required by this section.

(e) **INITIAL ARBITRATION RULE.**—The Secretary may not recognize the accreditation of any institution of higher education unless the

institution of higher education agrees to submit any dispute involving the final denial, withdrawal, or termination of accreditation to initial arbitration prior to any other legal action.

(f) JURISDICTION.—Notwithstanding any other provision of law, any civil action brought by an institution of higher education seeking accreditation from, or accredited by, an accrediting agency or association recognized by the Secretary for the purpose of this title and involving the denial, withdrawal, or termination of accreditation of the institution of higher education, shall be brought in the appropriate United States district court.

[(g) LIMITATION ON SCOPE OF CRITERIA.—Nothing in this Act shall be construed to permit the Secretary to establish criteria for accrediting agencies or associations that are not required by this section. Nothing in this Act shall be construed to prohibit or limit any accrediting agency or association from adopting additional standards not provided for in this section. Nothing in this section shall be construed to permit the Secretary to establish any criteria that specifies, defines, or prescribes the standards that accrediting agencies or associations shall use to assess any institution's success with respect to student achievement.

[(h) CHANGE OF ACCREDITING AGENCY.—The Secretary shall not recognize the accreditation of any otherwise eligible institution of higher education if the institution of higher education is in the process of changing its accrediting agency or association, unless the eligible institution submits to the Secretary all materials relating to the prior accreditation, including materials demonstrating reasonable cause for changing the accrediting agency or association.

[(i) DUAL ACCREDITATION RULE.—The Secretary shall not recognize the accreditation of any otherwise eligible institution of higher education if the institution of higher education is accredited, as an institution, by more than one accrediting agency or association, unless the institution submits to each such agency and association and to the Secretary the reasons for accreditation by more than one such agency or association and demonstrates to the Secretary reasonable cause for its accreditation by more than one agency or association. If the institution is accredited, as an institution, by more than one accrediting agency or association, the institution shall designate which agency's accreditation shall be utilized in determining the institution's eligibility for programs under this Act.]

(g) LIMITATION ON SCOPE OF CRITERIA.—

(1) IN GENERAL.—*The Secretary shall not establish criteria for accrediting agencies or associations that are not required by this section.*

(2) INSTITUTIONAL ELIGIBILITY.—*An institution of higher education shall be eligible for participation in programs under this title if the institution is in compliance with the standards of its accrediting agency or association that assess the institution in accordance with subsection (a)(5), regardless of any additional standards adopted by the agency or association for purposes unrelated to participation in programs under this title.*

(h) CHANGE OF ACCREDITING AGENCY OR ASSOCIATION.—

(1) IN GENERAL.—*The Secretary shall recognize the accreditation of any otherwise eligible institution or program of study if the institution (or program) is in the process of changing its ac-*

crediting agency or association, unless the institution (or program) is subject to one or more covered actions.

(2) *COVERED ACTION DEFINED.*—For purposes of this subsection, the term “covered action” means one or more of the following, when used with respect to an institution or program of study:

(A) *A pending or final action brought by a State agency to suspend, revoke, withdraw, or terminate the institution’s legal authority to provide postsecondary education in the State.*

(B) *A decision by a recognized accrediting agency or association to deny accreditation or preaccreditation to the institution or program of study.*

(C) *A pending or final action brought by a recognized accrediting agency or association to suspend, revoke, withdraw, or terminate the institution’s or program of study’s accreditation or preaccreditation.*

(D) *Probation or an equivalent status imposed on the institution or program of study by a recognized accrediting agency or association.*

(3) *INSTITUTIONS OF HIGHER EDUCATION NOT SUBJECT TO COVERED ACTIONS.*—An institution (or program of study) that is not subject to a covered action described in paragraph (1) and that desires to change its accrediting agency or association for a reason not related to any such covered action (such as compliance with State law) may make such a change without the approval of the Secretary, as long as the institution (or program) and the new accrediting agency or association of the institution (or program), not later than 30 days after the accreditation decision by such agency or association, notify the Secretary, in writing, of the effective date of the institution’s (or program’s) accreditation by such agency or association.

(i) *DUAL ACCREDITATION RULE.*—

(1) *RECOGNITION BY SECRETARY.*—The Secretary shall recognize the accreditation of any otherwise eligible institution of higher education if the institution of higher education is accredited, as an institution, by more than one accrediting agency or association.

(2) *DESIGNATION BY INSTITUTION.*—If the institution is accredited, as an institution, by more than one accrediting agency or association, the institution—

(A) *shall designate which agency’s or association’s accreditation shall be utilized in determining the institution’s eligibility for participation in programs under this Act; and*

(B) *may change this designation at the end of the institution’s period of recognition.*

(j) *IMPACT OF LOSS OF ACCREDITATION.*—An institution may not be certified or recertified as an institution of higher education under section 102 and subpart 3 of this part or participate in any of the other programs authorized by this Act if such institution—

(1) *is not currently accredited by any agency or association recognized by the Secretary;*

(2) *has had its accreditation withdrawn, revoked, or otherwise terminated for cause during the preceding 24 months, un-*

less such withdrawal, revocation, or termination has been rescinded by the same accrediting agency; or

(3) has withdrawn from accreditation voluntarily under a show cause or suspension order during the preceding 24 months, unless such order has been rescinded by the same accrediting agency.

[(k) RELIGIOUS INSTITUTION RULE.—Notwithstanding subsection (j), the Secretary shall allow an institution that has had its accreditation withdrawn, revoked, or otherwise terminated, or has voluntarily withdrawn from an accreditation agency, to remain certified as an institution of higher education under section 102 and subpart 3 of this part for a period sufficient to allow such institution to obtain alternative accreditation, if the Secretary determines that the reason for the withdrawal, revocation, or termination—

[(1) is related to the religious mission or affiliation of the institution; and

[(2) is not related to the accreditation criteria provided for in this section.]

(k) RELIGIOUS INSTITUTION RULE.—

(1) *IN GENERAL.*—Notwithstanding subsection (j), the Secretary shall allow an institution that has had its accreditation withdrawn, revoked, or otherwise terminated, or has voluntarily withdrawn from an accreditation agency, to remain certified as an institution of higher education under section 102 and subpart 3 of this part for a period sufficient to allow such institution to obtain alternative accreditation, if the Secretary determines that the withdrawal, revocation, or termination—

(A) *is related to the religious mission or affiliation of the institution; and*

(B) *is not related to the accreditation criteria provided for in this section.*

(2) ADMINISTRATIVE COMPLAINT FOR FAILURE TO RESPECT RELIGIOUS MISSION.—

(A) *IN GENERAL.*—

(i) *INSTITUTION.*—If an institution of higher education believes that an adverse action of an accrediting agency or association fails to respect the institution's religious mission in violation of subsection (a)(4)(B), the institution—

(I) *may file a complaint with the Secretary to review the adverse action of the agency or association; and*

(II) *prior to filing such complaint, shall notify the Secretary and the agency or association of an intent to file such complaint not later than 30 days after—*

(aa) *receiving the adverse action from the agency or association; or*

(bb) *determining that discussions with or the processes of the agency or association to remedy the failure to respect the religious mission of the institution will fail to result in the withdrawal of the adverse action by the agency or association.*

(ii) **ACCREDITING AGENCY OR ASSOCIATION.**—Upon notification of an intent to file a complaint and through the duration of the complaint process under this paragraph, the Secretary and the accrediting agency or association shall treat the accreditation status of the institution of higher education as if the adverse action for which the institution is filing the complaint had not been taken.

(B) **COMPLAINT.**—Not later than 45 days after providing notice of the intent to file a complaint, the institution shall file the complaint with the Secretary (and provide a copy to the accrediting agency or association), which shall include—

- (i) a description of the adverse action;
- (ii) how the adverse action fails to respect the institution's religious mission in violation of subsection (a)(4)(B); and
- (iii) any other information the institution determines relevant to the complaint.

(C) **RESPONSE.**—

(i) **IN GENERAL.**—The accrediting agency or association shall have 30 days from the date the complaint is filed with the Secretary to file with the Secretary (and provide a copy to the institution) a response to the complaint, which response shall include—

(I) how the adverse action is based on a violation of the agency or association's standards for accreditation; and

(II) how the adverse action does not fail to respect the religious mission of the institution and is in compliance with subsection (a)(4)(B).

(ii) **BURDEN OF PROOF.**—

(I) **IN GENERAL.**—The accrediting agency or association shall bear the burden of proving that the agency or association has not taken the adverse action as a result of the institution's religious mission, and that the action does not fail to respect the institution's religious mission in violation of subsection (a)(4)(B), by showing that the adverse action does not impact the aspect of the religious mission claimed to be affected in the complaint.

(II) **INSUFFICIENT PROOF.**—Any evidence that the adverse action results from the application of a neutral and generally applicable rule shall be insufficient to prove that the action does not fail to respect an institution's religious mission.

(D) **ADDITIONAL INSTITUTION RESPONSE.**—The institution shall have 30 days from the date on which the agency or association's response is filed with the Secretary to—

- (i) file with the Secretary (and provide a copy to the agency or association) a response to any issues raised in the response of the agency or association; or
- (ii) inform the Secretary and the agency or association that the institution elects to waive the right to respond to the response of the agency or association.

(E) SECRETARIAL ACTION.—

(i) *IN GENERAL.*—Not later than 30 days of receipt of the institution's response under subparagraph (D) or notification that the institution elects not to file a response under such subparagraph—

(I) the Secretary shall review the materials to determine if the accrediting agency or association has met its burden of proof under subparagraph (C)(ii)(I); or

(II) in a case in which the Secretary fails to conduct such review—

(aa) the Secretary shall be deemed as determining that the adverse action fails to respect the religious mission of the institution; and

(bb) the accrediting agency or association shall be required to reverse the action immediately and take no further action with respect to such adverse action.

(ii) *REVIEW OF COMPLAINT.*—In reviewing the complaint under clause (i)(I)—

(I) the Secretary shall consider the institution to be correct in the assertion that the adverse action fails to respect the institution's religious mission and shall apply the burden of proof described in subparagraph (C)(ii)(I) with respect to the accrediting agency or association; and

(II) if the Secretary determines that the accrediting agency or association fails to meet such burden of proof—

(aa) the Secretary shall notify the institution and the agency or association that the agency or association is not in compliance with subsection (a)(4)(B), and that such agency or association shall carry out the requirements of item (bb) to be in compliance with subsection (a)(4)(B); and

(bb) the agency or association shall reverse the adverse action immediately and take no further action with respect to such adverse action.

(iii) *FINAL DEPARTMENTAL ACTION.*—The Secretary's determination under this subparagraph shall be the final action of the Department on the complaint.

(F) RULE OF CONSTRUCTION.—Nothing in this paragraph shall prohibit—

(i) an accrediting agency or association from taking an adverse action against an institution of higher education for a failure to comply with the agency or association's standards of accreditation as long as such standards are in compliance with subsection (a)(4)(B) and any other applicable requirements of this section; or

(ii) an institution of higher education from exercising any other rights to address concerns with respect to an

accrediting agency or association or the accreditation process of an accrediting agency or association.

(G) *GUIDANCE.*—

(i) *IN GENERAL.*—*The Secretary may only issue guidance under this paragraph that explains or clarifies the process for providing notice of an intent to file a complaint or for filing a complaint under this paragraph.*

(ii) *CLARIFICATION.*—*The Secretary may not issue guidance, or otherwise determine or suggest, when discussions to remedy the failure by an accrediting agency or association to respect the religious mission of an institution of higher education referred to in subparagraph (A)(i)(II)(bb) have failed or will fail.*

(3) *RELIGIOUS MISSION DEFINED.*—*In this Act, the term “religious mission”*—

(A) means a published institutional mission that is approved by the governing body of an institution of higher education and that includes, refers to, or is predicated upon religious tenets, beliefs, or teachings; and

(B) may be reflected in any of the institution’s policies, decisions, or practices related to such tenets, beliefs, or teachings (including any policies or decisions concerning housing, employment, curriculum, self-governance, or student admission, continuing enrollment, or graduation).

(1) *LIMITATION, SUSPENSION, OR TERMINATION OF RECOGNITION.*—

(1) If the Secretary determines that an accrediting agency or association has failed to apply effectively the criteria in this section, or is otherwise not in compliance with the requirements of this section, the Secretary shall—

(A) after notice and opportunity for a hearing, limit, suspend, or terminate the recognition of the agency or association; or

(B) require the agency or association to take appropriate action to bring the agency or association into compliance with such requirements within a timeframe specified by the Secretary, except that—

(i) such timeframe shall not exceed 12 months unless the Secretary extends such period for good cause; and

(ii) if the agency or association fails to bring the agency or association into compliance within such timeframe, the Secretary shall, after notice and opportunity for a hearing, limit, suspend, or terminate the recognition of the agency or association.

(2) The Secretary may determine that an accrediting agency or association has failed to apply effectively the standards provided in this section if an institution of higher education seeks and receives accreditation from the accrediting agency or association during any period in which the institution is the subject of any interim action by another accrediting agency or association, described in paragraph (2)(A)(i), (2)(B), or (2)(C) of subsection (a) of this section, leading to the suspension, revocation, or termination of accreditation or the institution has been notified of the threatened loss of accreditation, and the due process procedures required by such suspension, revocation, termination, or threatened loss have not been completed.

(m) **LIMITATION ON THE SECRETARY'S AUTHORITY.**—The Secretary may only recognize accrediting agencies or associations which accredit institutions of higher education for the purpose of enabling such institutions to establish eligibility to participate in the programs under this Act or which accredit institutions of higher education or higher education programs for the purpose of enabling them to establish eligibility to participate in other programs administered by the Department of Education or other Federal agencies.

(n) **INDEPENDENT EVALUATION.**—(1) The Secretary shall conduct a comprehensive review and evaluation of the performance of all accrediting agencies or associations which seek recognition by the Secretary in order to determine whether such accrediting agencies or associations meet the criteria established by this section. The Secretary shall conduct an independent evaluation of the information provided by such agency or association. Such evaluation shall include—

(A) the solicitation of third-party information concerning the performance of the accrediting agency or association; and

(B) site visits, including unannounced site visits as appropriate, at accrediting agencies and associations, and, at the Secretary's discretion, at representative member institutions.

(2) The Secretary shall place a priority for review of accrediting agencies or associations on those agencies or associations that accredit institutions of higher education that participate most extensively in the programs authorized by this title and on those agencies or associations which have been the subject of the most complaints or legal actions.

(3) The Secretary shall consider all available relevant information concerning the compliance of the accrediting agency or association with the criteria provided for in this section, including any complaints or legal actions against such agency or association. In cases where deficiencies in the performance of an accreditation agency or association with respect to the requirements of this section are noted, the Secretary shall take these deficiencies into account in the recognition process. The Secretary shall not, under any circumstances, base decisions on the recognition or denial of recognition of accreditation agencies or associations on criteria other than those contained in this section. When the Secretary decides to recognize an accrediting agency or association, the Secretary shall determine the agency or association's scope of recognition. **¶**If the agency or association reviews institutions offering distance education courses or programs and the Secretary determines that the agency or association meets the requirements of this section, then the agency shall be recognized and the scope of recognition shall include accreditation of institutions offering distance education courses or programs. **¶**

(4) The Secretary shall maintain sufficient documentation to support the conclusions reached in the recognition process, and, if the Secretary does not recognize any accreditation agency or association, shall make publicly available the reason for denying recognition, including reference to the specific criteria under this section which have not been fulfilled.

(o) **REGULATIONS.**—The Secretary shall by regulation provide procedures for the recognition of accrediting agencies or associations

and for the appeal of the Secretary's decisions. Notwithstanding any other provision of law, the Secretary shall not promulgate any regulation with respect to the standards of an accreditation agency or association described in subsection (a)(5), *or with respect to the policies and procedures of an accreditation agency or association described in paragraph (2) or (5) of subsection (c) or how the agency or association carries out such policies and procedures.*

[(p) **RULE OF CONSTRUCTION.**—Nothing in subsection (a)(5) shall be construed to restrict the ability of—

[(1) an accrediting agency or association to set, with the involvement of its members, and to apply, accreditation standards for or to institutions or programs that seek review by the agency or association; or

[(2) an institution to develop and use institutional standards to show its success with respect to student achievement, which achievement may be considered as part of any accreditation review.

[(q) **REVIEW OF SCOPE CHANGES.**—The Secretary shall require a review, at the next available meeting of the National Advisory Committee on Institutional Quality and Integrity, of any change in scope undertaken by an agency or association under subsection (a)(4)(B)(i)(II) if the enrollment of an institution that offers distance education or correspondence education that is accredited by such agency or association increases by 50 percent or more within any one institutional fiscal year.]

(p) **RISK-BASED OR DIFFERENTIATED REVIEW PROCESSES OR PROCEDURES.**—

(1) *IN GENERAL.*—*Notwithstanding any other provision of law (including subsection (a)(4)(A)), an accrediting agency or association shall establish risk-based processes or procedures for assessing compliance with the accrediting agency or association's standards (including policies related to substantive change and award of accreditation statuses) under which the agency or association—*

(A) creates a system for understanding an institution's or program of study's performance in comparison with other similarly situated institutions or programs of study (which may include past performance with respect to meeting the accrediting agency or association's standards, including the standards relating to the student achievement outcomes described in subclauses (I) through (IV) of subsection (a)(5)(A));

(B) requires for each institution and program of study designated as high-risk, in accordance with the accrediting agency or association's system in subparagraph (A), to submit the annual plans described in subsection (c)(2)(B) to the agency or association that address the performance issues of such institution or program of study that resulted in such designation;

(C) with respect to institutions or program of study meeting or exceeding performance as described in subparagraph (A), reduces any compliance requirements with the standards of accreditation of the agency that are not assessing an institution or program of study under subsection (a)(5), such as on-site inspections; and

(D) may require an institution or program of study that has declining performance (such as an institution or program of study with a high-risk designation under subparagraph (B)), which has not improved as required by the annual plan submitted under subsection (c)(2)(B), to take actions to avoid or minimize the risks that may lead to revocation of accreditation (such as limiting certain program of study enrollment or recommending to the Secretary to limit funds under this title for such an institution or program.

(2) PROHIBITION.—Any risk-based review process or procedure established pursuant to this subsection shall not discriminate against, or otherwise preclude, institutions of higher education based on institutional sector or category, including an institution of higher education's tax status.

(q) TOTAL PRICE DEFINED.—For purposes of this section, the term "total price" has the meaning given such term in section 454(d)(3).

* * * * *

Subpart 3—Eligibility and Certification Procedures

SEC. 498. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(a) **GENERAL REQUIREMENT.**—For purposes of qualifying institutions of higher education for participation in programs under this title, the Secretary shall determine the legal authority to operate within a State, the accreditation status, and the administrative capability and financial responsibility of an institution of higher education in accordance with the requirements of this section.

(b) **SINGLE APPLICATION FORM.**—The Secretary shall prepare and prescribe a single application form which—

(1) requires sufficient information and documentation to determine that the requirements of eligibility, accreditation, financial responsibility, and administrative capability of the institution of higher education are met;

(2) requires a specific description of the relationship between a main campus of an institution of higher education and all of its branches, including a description of the student aid processing that is performed by the main campus and that which is performed at its branches;

(3) requires—

(A) a description of the third party servicers of an institution of higher education; and

(B) the institution to maintain a copy of any contract with a financial aid service provider or loan servicer, and provide a copy of any such contract to the Secretary upon request;

(4) requires such other information as the Secretary determines will ensure compliance with the requirements of this title with respect to eligibility, accreditation, administrative capability and financial responsibility; and

(5) provides, at the option of the institution, for participation in one or more of the programs under part B or D.

(c) FINANCIAL RESPONSIBILITY STANDARDS.—(1) The Secretary shall determine whether an institution has the financial responsibility required by this title on the basis of whether the institution is able—

(A) to provide the services described in its official publications and statements;

(B) to provide the administrative resources necessary to comply with the requirements of this title; and

(C) to meet all of its financial obligations, including (but not limited to) refunds of institutional charges and repayments to the Secretary for liabilities and debts incurred in programs administered by the Secretary.

(2) Notwithstanding ~~paragraph (1), if~~ *paragraph (1), the Secretary shall prescribe criteria regarding ratios that aid in the determination financial responsibility. Such ratios shall be first issued in draft form to the institution to allow for adequate review, consisting of an appeals process, by such institutions of higher education. If an institution fails to meet criteria* ~~prescribed by the Secretary regarding ratios~~ *prescribed by the Secretary regarding the final ratios* that demonstrate financial responsibility, then the institution shall provide the Secretary with satisfactory evidence of its financial responsibility in accordance with paragraph (3). Such criteria shall take into account any differences in generally accepted accounting principles, and the financial statements required thereunder, that are applicable to for-profit, public, and nonprofit institutions. The Secretary shall take into account an institution's total financial circumstances in making a determination of its ability to meet the standards herein required.

(3) *Notwithstanding paragraph (2), the Secretary shall take into account an institution's current total financial circumstances, including any subsequent change in the institution's overall fiscal health based on the standards in paragraph (2), when making a determination of its ability to meet the standards herein required before any subsequent action is taken under paragraph (4). If an institution meets the standards in paragraph (2), the institution shall be seen as financially responsible.*

~~[(3)]~~ (4) The Secretary shall determine an institution to be financially responsible, notwithstanding the institution's failure to meet the criteria under paragraphs (1) and (2), if—

(A) such institution submits to the Secretary third-party financial guarantees that the Secretary determines are reasonable, such as performance bonds or letters of credit payable to the Secretary, which third-party financial guarantees shall equal not less than one-half of the annual potential liabilities of such institution to the Secretary for funds under this title, including loan obligations discharged pursuant to section 437, and to students for refunds of institutional charges, including funds under this title;

(B) such institution has its liabilities backed by the full faith and credit of a State, or its equivalent;

(C) such institution ~~establishes to the satisfaction of the Secretary, with~~ *establishes, with* the support of a financial statement audited by an independent certified public accountant in accordance with generally accepted auditing standards, that the institution has sufficient resources to ensure against

the precipitous closure of the institution, including the ability to meet all of its financial obligations (including refunds of institutional charges and repayments to the Secretary for liabilities and debts incurred in programs administered by the Secretary); or

(D) such institution has met standards of financial responsibility, prescribed by the Secretary by regulation, that indicate a level of financial strength not less than those required in paragraph (2).

[(4)] (5) If an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree fails to meet the criteria imposed by the Secretary pursuant to paragraph (2), the Secretary shall waive that particular requirement for that institution if the institution demonstrates to the satisfaction of the Secretary that—

(A) there is no reasonable doubt as to its continued solvency and ability to deliver quality educational services; *and*

(B) it is current in its payment of all current liabilities, including student refunds, repayments to the Secretary, payroll, and payment of trade creditors and withholding taxes[; and].

[(C)] it has substantial equity in school-occupied facilities, the acquisition of which was the direct cause of its failure to meet the criteria.】

[(5)] (6) The determination as to whether an institution has met the standards of financial responsibility provided for in paragraphs (2) and [(3)(C)] (4)(C) shall be based on an audited and certified financial statement of the institution. Such audit shall be conducted by a qualified independent organization or person in accordance with standards established by the American Institute of Certified Public Accountants. Such statement shall be submitted to the Secretary at the time such institution is considered for certification or recertification under this section. If the institution is permitted to be certified (provisionally or otherwise) and such audit does not establish compliance with paragraph (2), the Secretary may require that additional audits be submitted.

[(6)] (7)(A) The Secretary shall establish requirements for the maintenance by an institution of higher education of sufficient cash reserves to ensure repayment of any required refunds.

(B) The Secretary shall provide for a process under which the Secretary shall exempt an institution of higher education from the requirements described in subparagraph (A) if the Secretary determines that the institution—

(i) is located in a State that has a tuition recovery fund that ensures that the institution meets the requirements of subparagraph (A);

(ii) contributes to the fund; and

(iii) otherwise has legal authority to operate within the State.

(8) *Not later than 18 months after the date of enactment of the College Cost Reduction Act, the Secretary shall pursue a process to update the ratios regarding financial responsibility as identified in paragraph (2). The Secretary shall report the revised ratios to—*

(A) the Committee on Education and the Workforce of the House of Representatives; and

(B) *the Committee on Health, Education, Labor, and Pensions of the Senate.*

(d) ADMINISTRATIVE CAPACITY STANDARD.—The Secretary is authorized—

(1) to establish procedures and requirements relating to the administrative capacities of institutions of higher education, including—

(A) consideration of past performance of institutions or persons in control of such institutions with respect to student aid programs; and

(B) maintenance of records; and

(2) to establish such other reasonable procedures as the Secretary determines will contribute to ensuring that the institution of higher education will comply with administrative capability required by this title.

(e) FINANCIAL GUARANTEES FROM OWNERS.—(1) Notwithstanding any other provision of law, the Secretary may, to the extent necessary to protect the financial interest of the United States, require—

(A) financial guarantees from an institution participating, or seeking to participate, in a program under this title, or from one or more individuals who the Secretary determines, in accordance with paragraph (2), exercise substantial control over such institution, or both, in an amount determined by the Secretary to be sufficient to satisfy the institution's potential liability to the Federal Government, student assistance recipients, and other program participants for funds under this title; and

(B) the assumption of personal liability, by one or more individuals who exercise substantial control over such institution, as determined by the Secretary in accordance with paragraph (2), for financial losses to the Federal Government, student assistance recipients, and other program participants for funds under this title, and civil and criminal monetary penalties authorized under this title.

(2)(A) The Secretary may determine that an individual exercises substantial control over one or more institutions participating in a program under this title if the Secretary determines that—

(i) the individual directly or indirectly controls a substantial ownership interest in the institution;

(ii) the individual, either alone or together with other individuals, represents, under a voting trust, power of attorney, proxy, or similar agreement, one or more persons who have, individually or in combination with the other persons represented or the individual representing them, a substantial ownership interest in the institution; or

(iii) the individual is a member of the board of directors, the chief executive officer, or other executive officer of the institution or of an entity that holds a substantial ownership interest in the institution.

(B) The Secretary may determine that an entity exercises substantial control over one or more institutions participating in a program under this title if the Secretary determines that the entity directly or indirectly holds a substantial ownership interest in the institution.

(3) For purposes of this subsection, an ownership interest is defined as a share of the legal or beneficial ownership or control of, or a right to share in the proceeds of the operation of, an institution or institution's parent corporation. An ownership interest may include, but is not limited to—

- (A) a sole proprietorship;
- (B) an interest as a tenant-in-common, joint tenant, or tenant by the entirety;
- (C) a partnership; or
- (D) an interest in a trust.

(4) The Secretary shall not impose the requirements described in subparagraphs (A) and (B) of paragraph (1) on an institution that—

(A) has not been subjected to a limitation, suspension, or termination action by the Secretary or a guaranty agency within the preceding 5 years;

(B) has not had, during its 2 most recent audits of the institutions conduct of programs under this title, an audit finding that resulted in the institution being required to repay an amount greater than 5 percent of the funds the institution received from programs under this title for any year;

(C) meets and has met, for the preceding 5 years, the financial responsibility standards under subsection (c); and

(D) has not been cited during the preceding 5 years for failure to submit audits required under this title in a timely fashion.

(5) For purposes of section 487(c)(1)(G), this section shall also apply to individuals or organizations that contract with an institution to administer any aspect of an institution's student assistance program under this title.

(6) Notwithstanding any other provision of law, any individual who—

(A) the Secretary determines, in accordance with paragraph (2), exercises substantial control over an institution participating in, or seeking to participate in, a program under this title;

(B) is required to pay, on behalf of a student or borrower, a refund of unearned institutional charges to a lender, or to the Secretary; and

(C) willfully fails to pay such refund or willfully attempts in any manner to evade payment of such refund,

shall, in addition to other penalties provided by law, be liable to the Secretary for the amount of the refund not paid, to the same extent with respect to such refund that such an individual would be liable as a responsible person for a penalty under section 6672(a) of Internal Revenue Code of 1986 with respect to the non-payment of taxes.

(f) ACTIONS ON APPLICATIONS AND SITE VISITS.—The Secretary shall ensure that prompt action is taken by the Department on any application required under subsection (b). The personnel of the Department of Education may conduct a site visit at each institution before certifying or recertifying its eligibility for purposes of any program under this title. The Secretary shall establish priorities by which institutions are to receive site visits, and shall, to the extent practicable, coordinate such visits with site visits by States, guar-

anty agencies, and accrediting bodies in order to eliminate duplication, and reduce administrative burden.

(g) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—

(1) GENERAL RULE.—After the expiration of the certification of any institution under the schedule prescribed under this section (as this section was in effect prior to the enactment of the Higher Education Act Amendments of 1998), or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 6 years.

(2) NOTIFICATION.—The Secretary shall notify each institution of higher education not later than 6 months prior to the date of the expiration of the institution's certification.

(3) INSTITUTIONS OUTSIDE THE UNITED STATES.—The Secretary shall promulgate regulations regarding the recertification requirements applicable to an institution of higher education outside of the United States that meets the requirements of section 102(a)(1)(C) and received less than \$500,000 in funds under part B for the most recent year for which data are available.

(h) PROVISIONAL CERTIFICATION OF INSTITUTIONAL ELIGIBILITY.—

(1) Notwithstanding subsections (d) and (g), the Secretary may provisionally certify an institution's eligibility to participate in programs under this title—

(A) for not more than one complete award year in the case of an institution of higher education seeking an initial certification; and

(B) for not more than 3 complete award years if—

(i) the institution's administrative capability and financial responsibility is being determined for the first time;

(ii) there is a complete or partial change of ownership, as defined under subsection (i), of an eligible institution; or

(iii) the Secretary determines that an institution that seeks to renew its certification is, in the judgment of the Secretary, in an administrative or financial condition that may jeopardize its ability to perform its financial responsibilities under a program participation agreement.

(2) Whenever the Secretary withdraws the recognition of any accrediting agency, an institution of higher education which meets the requirements of accreditation, eligibility, and certification on the day prior to such withdrawal, the Secretary may, notwithstanding the withdrawal, continue the eligibility of the institution of higher education to participate in the programs authorized by this title for a period not to exceed 18 months from the date of the withdrawal of recognition.

(3) If, prior to the end of a period of provisional certification under this subsection, the Secretary determines that the institution is unable to meet its responsibilities under its program participation agreement, the Secretary may terminate the institution's participation in programs under this title.

(i) TREATMENT OF CHANGES OF OWNERSHIP AND PROPOSED CHANGES OF OWNERSHIP.—**[(1)] (1) [An eligible institution] (A) An eligible institution** of higher education that has had a change in ownership resulting in a change of control shall not qualify to par-

participate in programs under this title after the change in control (except as provided in paragraph (3)) unless it establishes that it meets **the requirements of section 102 (other than the requirements in subsections (b)(5) and (c)(3))** *the applicable requirements of section 102 or 103(13)* and this section after such change in control.

(B)(i) *Prior to a change in ownership resulting in a change of control, an institution may seek a pretransaction determination about whether the institution will meet the applicable requirements of section 102 or 103(13) and this section after such proposed change in ownership by submitting to the Secretary a materially complete pretransaction review application.*

(ii) *In reviewing applications submitted under clause (i), the Secretary shall only provide a comprehensive review of each such application, and may not provide an abbreviated or partial review.*

(iii) *If an institution submits a materially complete pretransaction review application at least 90 days prior to the transaction and the Secretary approves the application, the subsequent change in ownership application shall also be approved and the institution shall be certified as meeting the requirements for such transaction, provided that the institution—*

(I) complies with the applicable terms of this section; and

(II) the transaction resulting in a change of control does not differ materially in its terms from the transaction proposed in the pretransaction review application.

(2) An action resulting in a change in control may include (but is not limited to)—

(A) the sale of the institution or the majority of its assets;

(B) the transfer of the controlling interest of stock of the institution or its parent corporation;

(C) the merger of two or more eligible institutions;

(D) the division of one or more institutions into two or more institutions;

(E) the transfer of the controlling interest of stock of the institutions to its parent corporation; **[or]**

(F) the transfer of the liabilities of the institution to its parent corporation~~].~~; or

(G) in the case of a proprietary institution of higher education, a conversion to a public or other nonprofit institution of higher education.

(3) An action that may be treated as not resulting in a change in control includes (but is not limited to)—

(A) the sale or transfer, upon the death of an owner of an institution, of the ownership interest of the deceased in that institution to a family member or to a person holding an ownership interest in that institution; or

(B) another action determined by the Secretary to be a routine business practice.

(4)(A) The Secretary may provisionally certify an institution seeking approval of a change in ownership based on the preliminary review by the Secretary of a materially complete application that is received by the Secretary within 10 business days of the transaction for which the approval is sought.

(B) A provisional certification under this paragraph shall expire not later than the end of the month following the month in which the transaction occurred, except that if the Secretary has not issued a decision on the application for the change of ownership within that period, the Secretary may continue such provisional certification on a month-to-month basis until such decision has been issued.

(5)(A) *Subject to subparagraph (B), when any institution submits an application for a change in ownership resulting in a change in control under this section or submits a pretransaction review application under paragraph (1)(B) (other than in the case of a conversion transaction), the institution shall be required to pay to the Secretary an administrative fee that shall—*

(i) be in an amount equal to 0.15 percent of the total institutional revenue derived from this title by such institution for the most fiscal year for which data is available; and

(ii) be used exclusively for expenses related to the processing of such application, and be available to the Secretary without further appropriation, exclusively for expenses related to the processing of such approval or application.

(B) *In the case of a proprietary institution submitting an application for conversion, or a pretransaction review application for conversion, the institution shall be required to pay to the Secretary an administrative fee that shall—*

(i) be in an amount equal to 0.30 percent of the total institutional revenue derived from this title by such institution for the most fiscal year for which data is available; and

(ii) be used exclusively for expenses related to the processing of such application, and of which—

(I) 50 percent shall be available to the Secretary without further appropriation, exclusively for expenses related to the processing of such application; and

(II) 50 percent shall be remitted by the Secretary to the Commissioner of the Internal Revenue, and shall be available, without further appropriation, to the Commissioner of Internal Revenue exclusively for purposes of determining whether the institution seeking such conversion or pretransaction review is an institution exempt from tax and is otherwise in compliance with applicable requirements of the Internal Revenue Code of 1986.

(C) *An institution that pays a fee under subparagraph (A) or (B) for a pretransaction application with respect to a proposed transaction shall not be required to pay another fee under such subparagraph for a change in ownership application with respect to such transaction.*

(D) *In no case may any fee remitted under subparagraph (A) or (B) exceed \$120,000 for any transaction (or pretransaction) application, nor may the Secretary require an institution that has paid a fee under subparagraph (B) to pay an additional fee under subparagraph (A).*

(6)(A) *The Secretary shall approve or deny a materially complete application (including pretransaction reviews and conversion applications) submitted under this section as soon as practicable and not later than the 90-day period beginning on the date of receipt of such an application, except that in a case in which the Secretary deter-*

mines, on a nondelegable basis, that good cause exists to not make the determination during such 90-day period, the Secretary shall notify the institution in writing detailing the reasons for a good cause extension.

(B) If the Secretary fails to approve or deny a materially complete application during the period described in subparagraph (A) and does not find good cause for extension, the materially complete application shall be deemed approved.

(C) In no case may the Secretary grant a good cause extension under this section to an institution for more than one month at a time, or for a total of more than 12 months.

(D) To ensure timely submission of all relevant documentation, the Secretary may deny an application if an institution does not make a good faith effort to submit to the Secretary, in a timely manner—

- (i) all relevant documentation; or
- (ii) a materially complete application.

(E)(i) Upon approving or denying an application under this paragraph, the Secretary shall publish in the Federal Register the reasoning for such approval or denial, including—

(I) a copy of the approval or denial letter sent to the institution; and

(II) any analysis regarding how the Secretary determined under paragraph 7(A)(iii) that a director of the institution was an interested or disinterested party to the transaction.

(ii) The Secretary shall not publish under clause (i) any information that is otherwise exempt from disclosure under section 552 of title 5, United States Code (relating to the Freedom of Information Act), including trade secrets and commercial or financial information that is privileged or confidential.

(7)(A) In the case of a proprietary institution that subsequent to the transaction would be owned and operated by an entity (in this paragraph referred to as the “buyer”) seeking to be recognized as a public or other nonprofit institution, the buyer shall meet the definition of a nonprofit institution under section 103(13) if—

(i) the buyer pays no more than fair market value for any assets of the proprietary institution;

(ii) the buyer pays no more than fair market value for any service or lease contracts, including such service and lease contracts provided by the entity selling the proprietary institution; and

(iii) to prevent self-dealing in the case where one or more individuals with a substantial ownership or controlling interests in the proprietary institution will also have substantial or controlling interests in the institution seeking to be recognized as a public or other nonprofit institution (meaning that one or more individuals are on both sides of the transaction), the change of control transaction, and any substantial asset acquisition, service, or lease agreements with the proprietary institution shall be approved by a disinterested committee of directors of the entity that seeks to be recognized as a public or other nonprofit institution.

(B) For the purposes of this paragraph, parties to the transaction are entitled to a rebuttable presumption that the assets, lease con-

tracts, and service contracts that are part of the transaction are purchased at fair market value if—

- (i) the acquiring entity pays no more than fair market value for such assets, lease contracts, or service contracts; and*
- (ii) the value of the assets, lease contracts, or service contracts are evaluated by at least one independent third-party entity hired by parties on both sides of the transaction.*

(8)(A) An institution that has been approved for conversion by the Secretary shall be subject to a monitoring period for a 5-year period beginning on the day after the date of such approval. In conducting the monitoring of the institution under this paragraph, the Secretary—

- (i) shall only conduct monitoring to ensure that the institution is in compliance with the requirements of section 103(13) and paragraph (7) of this subsection; and*
- (ii) may require the institution to submit regular reports or conduct audits of such institution relating to such compliance.*

(B) Each institution that is subject to the monitoring period under this paragraph shall remit an annual fee to the Secretary—

- (i) in an amount equal to 0.15 percent of the total revenue derived from this title by such institution for the most recent fiscal year for which data is available; and*

- (ii) that shall be exclusively for expenses related to monitoring of the institution for the period described in subparagraph (A)—*

(I) of which 50 percent shall be used by the Secretary, without further appropriation, exclusively for expenses related to monitoring of the institution during such period; and

(II) of which 50 percent shall be remitted by the Secretary to the Commissioner of Internal Revenue, to be available to such Commissioner, without further appropriation, exclusively for monitoring compliance with the Internal Revenue Code of such institution during such period.

(C) An institution may not be subject to an annual fee under subparagraph (B) for monitoring related to a conversion that exceeds \$60,000.

(D) If the Secretary determines that an institution should be subject to the monitoring under this paragraph beyond the 5-year period described in subparagraph (A), the Secretary shall provide the reasons justifying an extension in writing to the institution (and in the Federal Register) at least 30 days before the expiration of such period.

(E) Any institution that is subject to monitoring under this paragraph may seek a waiver to be exempt from such monitoring (including the annual fee under subparagraph (B)) on an annual basis for any year during the monitoring period and the Secretary shall grant such waiver if there is no ongoing contractual or financial relationship between the institution and the former entity or individuals that previously owned the institution. The Secretary may grant a waiver for more than 1 year in the case where the entity that formerly owned the proprietary institution has closed or no longer exists and the Secretary determines the institution is not at risk of violating the requirements of section 103(13) or paragraph (7) of this subsection.

(9) Any institution that submits an application for conversion shall not promote or market itself, in any manner, as a public or other nonprofit institution of higher education unless—

(A) the Secretary has provided final approval of the conversion of the institution to a public or other nonprofit institution of higher education under this section;

(B) an accrediting agency or association recognized by the Secretary pursuant to section 496 has approved such public or nonprofit status of the institution;

(C) the State has given final approval to the institution as a public or nonprofit institution of higher education, as applicable; and

(D) in the case of an institution seeking nonprofit status, the Commissioner of Internal Revenue has approved the institution as tax exempt pursuant to the Internal Revenue Code of 1986.

(10) Not later than 270 days after the date of enactment of the College Cost Reduction Act, and periodically thereafter, the Secretary shall publish (and update as necessary) in the Federal Register—

(A) descriptions of the documents and materials the Secretary expects or requires institutions of higher education to submit (including any standardized forms) as part of any pretransaction application or change in ownership application under this section, including a description of what the Secretary considers to be a materially complete application; and

(B) after at least a 30-day notice and comment period, responses to any public comments received with respect to such descriptions or updates to such descriptions.

(11) In a case in which the Secretary requests a document under this section as part of a pretransaction or change in ownership application that is not described in the Federal Register under paragraph (10), the Secretary shall—

(A) substantiate, in writing to the institution, the reasons why the Secretary is requesting such documents; and

(B) publish such reasons in the Federal Register, including whether the Secretary may request other institutions that submit applications under this section to produce similar documentation.

(12)(A) Not later than 18 months after the date of enactment of the College Cost Reduction Act, and annually thereafter, the Secretary shall submit a report to authorizing committees, and post such report on a publicly available website regarding implementation of the amendments made to this section by such Act, including the following information:

(i) The mean and median length of time taken by the Secretary to review applications under this section during the preceding 12-month period.

(ii) The number of applications approved or denied during the preceding 12-month period.

(iii) For any application not processed during the 90-day period beginning on the date of receipt of the application for which the Secretary found good cause under paragraph (6)(A) to extend the deadline in which the application shall be processed, a copy of the letter sent to the institution explaining why the Secretary believed good cause existed for such extension.

(iv) *For any application not processed during such 90-day period, which was deemed to be automatically approved by the requirements of this section under paragraph (6)(B), the name of each institution involved and an explanation for why the application was not processed in a timely manner.*

(v) *Any legislative suggestions the Secretary may have to improve the application or monitoring process under this section.*

(B) *If the Secretary fails to submit a report under this paragraph by not later than 90 days after the deadline for such submission under subparagraph (A), the Secretary may not, for the 12-month period following such failure, spend the fees remitted by institutions under this section or remit such fees to the Commissioner unless Congress provides for such use by further appropriation.*

(13) *For the purposes of this subsection, the term "conversion" means any transaction under which—*

(A) *a proprietary institution is reorganized and seeks recognition as a public or other nonprofit institution; or*

(B) *the control of a proprietary institution is transferred as a result of a sale, donation, or other method to an entity that seeks certification under this section as a public or other nonprofit institution.*

(j) **TREATMENT OF BRANCHES.**—(1) A branch of an eligible institution of higher education, as defined pursuant to regulations of the Secretary, shall be certified under this subpart before it may participate as part of such institution in a program under this title, except that such branch shall not be required to meet the requirements of sections 102(b)(1)(E) and 102(c)(1)(C) prior to seeking such certification. Such branch is required to be in existence at least 2 years after the branch is certified by the Secretary as a branch campus participating in a program under this title, prior to seeking certification as a main campus or free-standing institution.

(2) The Secretary may waive the requirement of section 101(a)(2) for a branch that (A) is not located in a State, (B) is affiliated with an eligible institution, and (C) was participating in one or more programs under this title on or before January 1, 1992.

(k) **TREATMENT OF TEACH-OUTS AT ADDITIONAL LOCATIONS.**—

(1) **IN GENERAL.**—A location of a closed institution of higher education shall be eligible as an additional location of an eligible institution of higher education, as defined pursuant to regulations of the Secretary, for the purposes of a teach-out described in section 487(f), if such teach-out has been approved by the institution's accrediting agency.

(2) **SPECIAL RULE.**—An institution of higher education that conducts a teach-out through the establishment of an additional location described in paragraph (1) shall be permitted to establish a permanent additional location at a closed institution and shall not be required—

(A) to meet the requirements of sections 102(b)(1)(E) and 102(c)(1)(C) for such additional location; or

(B) to assume the liabilities of the closed institution.

SEC. 498A. PROGRAM REVIEW AND DATA.

(a) **GENERAL AUTHORITY.**—In order to strengthen the administrative capability and financial responsibility provisions of this title, the Secretary—

(1) shall provide for the conduct of program reviews on a systematic basis designed to include all institutions of higher education participating in programs authorized by this title;

(2) shall give priority for program review to institutions of higher education that are—

(A) institutions with a cohort default rate for loans under part B of this title in excess of 25 percent or which places such institutions in the highest 25 percent of such institutions;

(B) institutions with a default rate in dollar volume for loans under part B of this title which places the institutions in the highest 25 percent of such institutions;

(C) institutions with a significant fluctuation in Federal Stafford Loan volume, Federal Direct Stafford/Ford Loan volume, or Federal Pell Grant award volume, or any combination thereof, in the year for which the determination is made, compared to the year prior to such year, that are not accounted for by changes in the Federal Stafford Loan program, the Federal Direct Stafford/Ford Loan program, or the Pell Grant program, or any combination thereof;

(D) institutions reported to have deficiencies or financial aid problems by the State licensing or authorizing agency, or by the appropriate accrediting agency or association;

(E) institutions with high annual dropout rates; and

(F) such other institutions that the Secretary determines may pose a significant risk of failure to comply with the administrative capability or financial responsibility provisions of this title; and

(3) shall establish and operate a central data base of information on institutional accreditation, eligibility, and certification that includes—

(A) all relevant information available to the Department;

(B) all relevant information made available by the Secretary of Veterans Affairs;

(C) all relevant information from accrediting agencies or associations;

(D) all relevant information available from a guaranty agency; and

(E) all relevant information available from States under subpart 1.

(b) SPECIAL ADMINISTRATIVE RULES.—In carrying out paragraphs (1) and (2) of subsection (a) and any other relevant provisions of this title, the Secretary shall—

(1) establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions of higher education;

(2) make available to each institution participating in programs authorized under this title complete copies of all review guidelines and procedures used in program reviews;

(3) permit the institution to correct or cure an administrative, accounting, or recordkeeping error if the error is not part of a pattern of error and there is no evidence of fraud or misconduct related to the error;

(4) base any civil penalty assessed against an institution of higher education resulting from a program review or audit on the gravity of the violation, failure, or misrepresentation;

(5) inform the appropriate State and accrediting agency or association whenever the Secretary takes action against an institution of higher education under this section, section 498, or section 432;

(6) provide to an institution of higher education an adequate opportunity to review and respond to any program review report and relevant materials related to the report before any final program review report is issued;

(7) review and take into consideration an institution of higher education's response in any final program review report or audit determination, and include in the report or determination—

(A) a written statement addressing the institution of higher education's response;

(B) a written statement of the basis for such report or determination; and

(C) a copy of the institution's response; and

(8) maintain and preserve at all times the confidentiality of any program review report until the requirements of paragraphs (6) and (7) are met, and until a final program review is issued, other than to the extent required to comply with paragraph (5), except that the Secretary shall promptly disclose any and all program review reports to the institution of higher education under review.

(c) **DATA COLLECTION RULES.**—The Secretary shall develop and carry out a plan for the data collection responsibilities described in paragraph (3) of subsection (a). The Secretary shall make the information obtained under such paragraph (3) readily available to all institutions of higher education, guaranty agencies, States, and other organizations participating in the programs authorized by this title.

(d) **TRAINING.**—The Secretary shall provide training to personnel of the Department, including criminal investigative training, designed to improve the quality of financial and compliance audits and program reviews conducted under this title.

(e) **SPECIAL RULE.**—The provisions of section 103(b) of the Department of Education Organization Act shall not apply to Secretarial determinations made regarding the appropriate length of instruction for programs measured in clock hours.

(f) **TIME LIMIT ON PROGRAM REVIEW ACTIVITIES.**—*In conducting, responding to, and concluding program review activities, the Secretary shall—*

(1) provide to the institution the initial report finding not later than 90 days after concluding an initial site visit;

(2) upon each receipt of an institution's response during a program review inquiry, respond in a substantive manner within 90 days;

(3) upon each receipt of an institution's written response to a draft final program review report, provide the final program review report and accompanying enforcement actions, if any, within 90 days; and

(4) conclude the entire program review process not later than 2 years after the initiation of a program review, unless the Secretary determines that such a review is sufficiently complex and cannot reasonably be concluded before the expiration of such 2-year period, in which case the Secretary shall promptly notify the institution of the reasons for such delay and provide an anticipated date for conclusion of the review.

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TITLE VII—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

* * * * *

PART B—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

SEC. 741. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) **AUTHORITY.**—The Secretary is authorized to make grants to, or enter into contracts with, institutions of higher education, combinations of such institutions, and other public and private non-profit institutions and agencies, to enable such institutions, combinations, and agencies to improve postsecondary education opportunities by—

(1) the encouragement of reform and improvement of, and innovation in, postsecondary education and the provision of educational opportunity for all students, including nontraditional students;

(2) the creation of institutions, programs, and joint efforts involving paths to career and professional training, including—

(A) efforts that provide academic credit for programs; and

(B) combinations of academic and experiential learning;

(3) the establishment and continuation of institutions, programs, consortia, collaborations, and other joint efforts based on communications technology, including those efforts that utilize distance education and technological advancements to educate and train postsecondary students (including health professionals serving medically underserved populations);

(4) the carrying out, in postsecondary educational institutions, of changes in internal structure and operations designed to clarify institutional priorities and purposes;

(5) the design and introduction of cost-effective methods of instruction and operation;

(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering postsecondary institutions and pursuing programs of postsecondary study tailored to individual needs;

(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties;

(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto;

(9) the introduction of reforms in remedial education, including English language instruction, to customize remedial courses to student goals and help students progress rapidly from remedial courses into core courses and through postsecondary program completion;

(10) the provision of support and assistance to partnerships between institutions of higher education and secondary schools with a significant population of students identified as late-entering limited English proficient students, to establish programs that—

(A) result in increased secondary school graduation rates of limited English proficient students; and

(B) increase the number of participating late-entering limited English proficient students who pursue postsecondary education;

(11) the creation of consortia that join diverse institutions of higher education to design and offer curricular and cocurricular interdisciplinary programs at the undergraduate and graduate levels, sustained for not less than a 5 year period, that—

(A) focus on poverty and human capability; and

(B) include—

(i) a service-learning component; and

(ii) the delivery of educational services through informational resource centers, summer institutes, mid-year seminars, and other educational activities that stress the effects of poverty and how poverty can be alleviated through different career paths;

(12) the provision of support and assistance for demonstration projects to provide comprehensive support services to ensure that homeless students, or students who were in foster care or were a ward of the court at any time before the age of 13, enroll and succeed in postsecondary education, including providing housing to such students during periods when housing at the institution of higher education is closed or generally unavailable to other students; and

(13) the support of efforts to work with institutions of higher education, and nonprofit organizations, that seek to promote cultural diversity in the entertainment media industry, including through the training of students in production, marketing, and distribution of culturally relevant content.

[(b) PLANNING GRANTS.—The Secretary is authorized to make planning grants to institutions of higher education for the development and testing of innovative techniques in postsecondary education. Such grants shall not exceed \$20,000.

[(c) CENTER FOR BEST PRACTICES TO SUPPORT SINGLE PARENT STUDENTS.—

[(1) PROGRAM AUTHORIZED.—The Secretary is authorized to award one grant or contract to an institution of higher education to enable such institution to establish and maintain a center to study and develop best practices for institutions of

higher education to support single parents who are also students attending such institutions.

[(2) INSTITUTION REQUIREMENTS.—The Secretary shall award the grant or contract under this subsection to a four-year institution of higher education that has demonstrated expertise in the development of programs to assist single parents who are students at institutions of higher education, as shown by the institution's development of a variety of targeted services to such students, including on-campus housing, child care, counseling, advising, internship opportunities, financial aid, and financial aid counseling and assistance.

[(3) CENTER ACTIVITIES.—The center funded under this section shall—

[(A) assist institutions implementing innovative programs that support single parents pursuing higher education;

[(B) study and develop an evaluation protocol for such programs that includes quantitative and qualitative methodologies;

[(C) provide appropriate technical assistance regarding the replication, evaluation, and continuous improvement of such programs; and

[(D) develop and disseminate best practices for such programs.]

(b) GRANTS.—

(1) DEFINITIONS.—*In this subsection:*

(A) COMPLETION RATE.—*The term “completion rate” means—*

(i) *the percentage of students from an initial cohort enrolled at an institution of higher education that is a 2-year institution who have graduated from the institution or transferred to a 4-year institution of higher education; or*

(ii) *the percentage of students from an initial cohort enrolled at an institution of higher education in the State that is a 4-year institution who have graduated from the institution.*

(B) ELIGIBLE ENTITY.—*The term “eligible entity” means—*

(i) *an institution of higher education;*
 (ii) *a partnership between a nonprofit educational organization and an institution of higher education; and*
 (iii) *a consortium of institutions of higher education.*

(C) ELIGIBLE INDIAN ENTITY.—*The term “eligible Indian entity” means the entity responsible for the governance, operation, or control of a Tribal College or University.*

(D) EVIDENCE-BASED.—*The term “evidence-based” has the meaning given the term in section 8101(21)(A) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801(21)(A)), except that such term shall also apply to institutions of higher education.*

(E) EVIDENCE TIERS.—

(i) EVIDENCE TIER 1 REFORM OR PRACTICE.—*The term “evidence tier 1 reform or practice” means a reform or practice that prior research suggests has promise for*

the purpose of successfully improving student achievement or attainment for high-need students.

(ii) *EVIDENCE TIER 2 REFORM OR PRACTICE.—The term “evidence tier 2 reform or practice” means a reform or practice described in clause (i), or other practice meeting similar criteria, that measures impact and cost effectiveness of student success activities, and, through rigorous evaluation (including through the use of existing administrative data, as applicable), has been found to be successfully implemented.*

(iii) *EVIDENCE TIER 3 REFORM OR PRACTICE.—The term “evidence tier 3 reform or practice” means a reform or practice described in clause (ii), or other practice meeting similar criteria, that has been found to produce sizable, important impacts on student success and—*

(I) determines whether such impacts can be successfully reproduced and sustained over time; and

(II) identifies the conditions in which such reform or practice is most effective.

(F) *FIRST GENERATION COLLEGE STUDENT.—The term “first generation college student” has the meaning given the term in section 402A(h) of the Higher Education Act of 1965 (20 U.S.C. 1070a–11(h)).*

(G) *HIGH-NEED STUDENT.—The term “high-need student” means—*

(i) a student from low-income background;

(ii) first generation college students;

(iii) caregiver students;

(iv) students with disabilities;

(v) students who stopped out before completing;

(vi) reentering justice-impacted students; and

(vii) military-connected students.

(H) *SECRETARY The term “Secretary” means the Secretary of Education.*

(I) *TRIBAL COLLEGE OR UNIVERSITY.—The term “Tribal College or University” has the meaning given the term in section 316(b) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b)).*

(2) *RESERVATION OF FUNDS FOR ELIGIBLE INDIAN ENTITIES.—From the total amount appropriated to carry out this subsection for a fiscal year, the Secretary shall reserve 2 percent for grants to eligible Indian entities to increase participation and completion rates of high-need students.*

(3) *AUTHORIZATION OF POSTSECONDARY STUDENT SUCCESS COMPETITIVE GRANTS.—*

(A) *GRANT AUTHORIZATION.—For each of fiscal years 2025 through 2030, the Secretary shall award, on a competitive basis, grants to eligible entities to provide student services to increase participation, retention, and completion rates of high-need students.*

(B) *APPLICATION.—An eligible entity desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing the information required under subparagraph (C).*

(C) *CONTENTS.*—An application submitted under this paragraph shall include the following:

(i) A plan to increase, with respect to all students enrolled at the institution of higher education, attainment and completion rates or graduation rates, including—

(I) a description of which evidence tiers would be met by the evidence-based reforms or practices; and

(II) a particular focus on serving high-need students through student services and collaboration among 2-year programs, 4-year programs, and workforce systems.

(ii) Annual benchmarks for student outcomes with respect to evidence-based reforms or practices.

(iii) A plan to evaluate the evidence-based reforms or practices carried out pursuant to a grant received under this subsection.

(iv) Rates of enrolled students who received a Federal Pell Grant under section 401.

(v) Demographics of enrolled students, including high-need students.

(vi) A description of how the eligible entity will, directly or in collaboration with institutions of higher education or nonprofit organizations, use the grant funds to implement 1 or more of the following evidence-based reforms or practices:

(I) Providing comprehensive academic, career, and student services, which may include mentoring, advising, or case management services.

(II) Providing accelerated learning opportunities, which may include dual or concurrent enrollment programs and early college high school programs.

(III) Reforming course scheduling or credit-awarding policies.

(IV) Improving transfer pathways between the institution of higher education, or eligible Indian entity, and other institutions of higher education.

(vii) A description of how the evidence-based reforms or practices carried out pursuant to a grant under this subsection will be sustained once the grant expires.

(D) *EVIDENCE-BASED STUDENT SUCCESS PROGRAMS.*—From the total amount appropriated to carry out this subsection for a fiscal year and not reserved under paragraph (4), the Secretary shall reserve not less than 20 percent to award grants to eligible entities with applications that propose to include reforms or practices—

(i) at least 1 of which is a tier 3 reform or practice; and

(ii) the rest of which are tier 1 or tier 2 reforms or practices.

(E) *REQUIRED USE OF FUNDS.*—An eligible entity that receives a grant under this section shall use the grant funds to carry out the plans submitted pursuant to subparagraph (C) and for evidence-based reforms or practices for improv-

ing retention and completion rates of students that may include the following:

(i) *Student services to support retention, completion, and success, which may include—*

(I) faculty and peer counseling;

(II) use of real-time data on student progress;

(III) improving transfer student success; and

(IV) incentives for students to re-enroll or stay on track.

(ii) *Direct student support services, including a combination of—*

(I) tutoring, academic supports, and enrichment services; and

(II) emergency financial assistance.

(iii) *Efforts to prepare students for a career, which may include—*

(I) career coaching, career counseling and planning services, and efforts to lower student to advisor ratios;

(II) networking and work-based learning opportunities to support the development of skills and professional relationships;

(III) utilizing career pathways; and

(IV) boosting experiences necessary to obtain and succeed in high-wage, high-skilled, (as described in section 122 of the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2342)) or in-demand industry sectors or occupations (as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102)).

(iv) *Efforts to recruit and retain faculty and other instructional staff.*

(F) *PERMISSIVE USE OF FUNDS.—From the total amount appropriated to carry out this subsection for a fiscal year, and not reserved under paragraph (4) or subparagraph (D), the Secretary may set aside—*

(i) not more than 5 percent for administration, capacity building, research, evaluation, and reporting; and

(ii) not more than 2 percent for technical assistance to eligible entities.

(G) *EVALUATIONS.—*

(i) IN GENERAL.—For the purpose of improving the effectiveness of the evidence-based reforms or practices carried out by eligible entities pursuant to a grant under this subsection, the Secretary shall make grants to or enter into contracts with one or more organizations to—

(I) evaluate the effectiveness of such reforms or practices; and

(II) disseminate information on the impact of such reforms or practices in increasing completion and retention activities of students, as well as other appropriate measures.

(ii) *ISSUES TO BE EVALUATED.*—The evaluations required under clause (i) shall measure the effectiveness of the evidence-based reforms or practices carried out by eligible entities pursuant to a grant under this subsection in—

(I) whether such eligible entity implemented the plans, and carried out the activities, described in subparagraph (C); and

(II) comparing the completion and retention rates of students who participated in such reforms or practices with the rates of students of similar backgrounds who did not participate in such reforms or practices.

(iii) *RESULTS.*—Not later than 18 months after the date of the enactment of this subsection, the Secretary shall submit to the authorizing committees a final report.

(H) *GRANT LIMIT.*—An institution with branch campuses that is an eligible entity may only receive a grant under this subsection for 1 campus of such institution at a time.

(4) *AUTHORIZATION OF APPROPRIATIONS.*—There are authorized to be appropriated to carry out this subsection, \$45,000,000, for each of fiscal years 2026 through 2031.

[(d)] (c) *PROHIBITION.*—

(1) *IN GENERAL.*—No funds made available under this part shall be used to provide direct financial assistance in the form of grants or scholarships to students who do not meet the requirements of section 484(a).

(2) *RULE OF CONSTRUCTION.*—Nothing in this subsection shall be construed to prevent a student who does not meet the requirements of section 484(a) from participating in programs funded under this part.

[(e)] *PRIORITY.*—In making grants under this part to any institution of higher education after the date of enactment of the Higher Education Opportunity Act, the Secretary may give priority to institutions that meet or exceed the most current version of ASHRAE/IES Standard 90.1 (as such term is used in section 342(a)(6) of the Energy Policy and Conservation Act (42 U.S.C. 6313(a)(6))) for any new facilities construction or major renovation of the institution after such date, except that this subsection shall not apply with respect to barns or greenhouses or similar structures owned by the institution.

[(f)] *SCHOLARSHIP PROGRAM FOR FAMILY MEMBERS OF VETERANS OR MEMBERS OF THE MILITARY.*—

[(1)] *AUTHORIZATION.*—The Secretary shall enter into a contract with a nonprofit organization with demonstrated success in carrying out the activities described in this subsection to carry out a program to provide postsecondary education scholarships for eligible students.

[(2)] *DEFINITION OF ELIGIBLE STUDENT.*—In this subsection, the term “eligible student” means an individual who is enrolled as a full-time or part-time student at an institution of higher education (as defined in section 102) and is—

[(A)] a dependent student who is a child of—

[(i)] an individual who is—

[(I) serving on active duty during a war or other military operation or national emergency (as defined in section 481); or

[(II) performing qualifying National Guard duty during a war or other military operation or national emergency (as defined in section 481); or

[(ii) a veteran who—

[(I) served or performed, as described in clause (i), since September 11, 2001; and

[(II) died, or has been disabled, as a result of such service or performance; or

[(B) an independent student who—

[(i) is a spouse of an individual who is—

[(I) serving on active duty during a war or other military operation or national emergency (as defined in section 481); or

[(II) performing qualifying National Guard duty during a war or other military operation or national emergency (as defined in section 481);

[(ii) was (at the time of death of the veteran) a spouse of a veteran who—

[(I) served or performed, as described in clause (i), since September 11, 2001; and

[(II) died as a result of such service or performance; or

[(iii) is a spouse of a veteran who—

[(I) served or performed, as described in clause (i), since September 11, 2001; and

[(II) has been disabled as a result of such service or performance.

[(3) AWARDING OF SCHOLARSHIPS.—Scholarships awarded under this subsection shall be awarded based on need with priority given to eligible students who are eligible to receive Federal Pell Grants under subpart 1 of part A of title IV.

[(4) MAXIMUM SCHOLARSHIP AMOUNT.—The maximum scholarship amount awarded to an eligible student under this subsection for an award year shall be the lesser of \$5,000, or the student's cost of attendance (as defined in section 472).

[(5) AMOUNTS FOR SCHOLARSHIPS.—All of the amounts appropriated to carry out this subsection for a fiscal year shall be used for scholarships awarded under this subsection, except that the nonprofit organization receiving a contract under this subsection may use not more than one percent of such amounts for the administrative costs of the contract.]

[SEC. 742. BOARD OF THE FUND FOR THE IMPROVEMENT OF POST-SECONDARY EDUCATION.]

[(a) ESTABLISHMENT.—There is established a National Board of the Fund for the Improvement of Postsecondary Education (in this part referred to as the “Board”). The Board shall consist of 15 members appointed by the Secretary for overlapping 3-year terms. A majority of the Board shall constitute a quorum. Any member of the Board who has served for 6 consecutive years shall thereafter be ineligible for appointment to the Board during a 2-year period following the expiration of such sixth year.]

[(b) MEMBERSHIP.—The Secretary shall designate one of the members of the Board as Chairperson of the Board. A majority of the members of the Board shall be public interest representatives, including students, and a minority shall be educational representatives. All members selected shall be individuals able to contribute an important perspective on priorities for improvement in postsecondary education and strategies of educational and institutional change.

[(c) DUTIES.—The Board shall—

[(1) advise the Secretary on priorities for the improvement of postsecondary education and make such recommendations as the Board may deem appropriate for the improvement of postsecondary education and for the evaluation, dissemination, and adaptation of demonstrated improvements in postsecondary educational practice;

[(2) advise the Secretary on the operation of the Fund for the Improvement of Postsecondary Education, including advice on planning documents, guidelines, and procedures for grant competitions prepared by the Fund; and

[(3) meet at the call of the Chairperson, except that the Board shall meet whenever one-third or more of the members request in writing that a meeting be held.

[(d) INFORMATION AND ASSISTANCE.—The Secretary shall make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

[SEC. 743. ADMINISTRATIVE PROVISIONS.]

[The Secretary may appoint, for terms not to exceed 3 years, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, not more than 7 technical employees to administer this part who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

[SEC. 744. SPECIAL PROJECTS.]

[(a) GRANT AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education, or consortia thereof, and such other public agencies and nonprofit organizations as the Secretary deems necessary for innovative projects concerning one or more areas of particular national need identified by the Secretary.

[(b) APPLICATION.—No grant shall be made under this part unless an application is made at such time, in such manner, and contains or is accompanied by such information as the Secretary may require.

[(c) AREAS OF NATIONAL NEED.—Areas of national need shall include, at a minimum, the following:

[(1) Institutional restructuring to improve learning and promote productivity, efficiency, quality improvement, and cost reduction.

[(2) Improvements in academic instruction and student learning, including efforts designed to assess the learning gains made by postsecondary students.

[(3) Articulation between two- and four-year institutions of higher education, including developing innovative methods for

ensuring the successful transfer of students from two- to four-year institutions of higher education.

[(4) Development, evaluation, and dissemination of model courses, including model courses that—

[(A) provide students with a broad and integrated knowledge base;

[(B) include, at a minimum, broad survey courses in English literature, American and world history, American political institutions, economics, philosophy, college-level mathematics, and the natural sciences; and

[(C) include study of a foreign language that leads to reading and writing competency in the foreign language.

[(5) International cooperation and student exchanges among postsecondary educational institutions.

[(6) Support of centers to incorporate education in quality and safety into the preparation of medical and nursing students, through grants to medical schools, nursing schools, and osteopathic schools. Such grants shall be used to assist in providing courses of instruction that specifically equip students to—

[(A) understand the causes of, and remedies for, medical error, medically induced patient injuries and complications, and other defects in medical care;

[(B) engage effectively in personal and systemic efforts to continually reduce medical harm; and

[(C) improve patient care and outcomes, as recommended by the Institute of Medicine of the National Academies.

[SEC. 745. AUTHORIZATION OF APPROPRIATIONS.

[(There are authorized to be appropriated to carry out this part such sums as may be necessary for fiscal year 2009 and each of the five succeeding fiscal years.)]

HIGHER EDUCATION OPPORTUNITY ACT

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TITLE IV—STUDENT ASSISTANCE

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PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE

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SEC. 484. MODEL INSTITUTION FINANCIAL AID OFFER FORM.

(a) MODEL FORMAT.—The Secretary of Education shall—

(1) not later than six months after the date of enactment of the Higher Education Opportunity Act, convene a group of students, families of students, secondary school guidance counselors, representatives of institutions of higher education (including financial aid administrators, registrars, and business

officers), and nonprofit consumer groups for the purpose of offering recommendations for improvements that—

- (A) can be made to financial aid offer forms; and
- (B) include the information described in subsection (b);
- (2) develop a model format for financial aid offer forms based on the recommendations of the group; and
- (3) not later than one year after the date of enactment of the Higher Education Opportunity Act—

- (A) submit recommendations to the authorizing committees (as defined in section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003); and

- (B) make the recommendations and model format widely available.

(b) CONTENTS.—The recommendations developed under subsection (a) for model financial aid offer forms shall include, in a consumer-friendly manner that is simple and understandable, the following:

(1) Information on the student's cost of attendance, including the following:

- (A) Tuition and fees.
- (B) Room and board costs.
- (C) Books and supplies.
- (D) Transportation.

(2) The amount of financial aid that the student does not have to repay, such as scholarships, grants, and work-study assistance, offered to the student for such year, and the conditions of such financial aid.

(3) The types and amounts of loans under part B, D, or E of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq., 1087a et seq., 1087aa et seq.) for which the student is eligible for such year, and the applicable terms and conditions of such loans.

(4) The net amount that the student, or the student's family on behalf of the student, will have to pay for the student to attend the institution for such year, equal to—

- (A) the cost of attendance for the student for such year; minus

- (B) the amount of financial aid described in paragraphs (2) and (3) that is offered in the financial aid offer form.

(5) Where a student or the student's family can seek additional information regarding the financial aid offered.

(6) Any other information the Secretary of Education determines necessary so that students and parents can make informed student loan borrowing decisions.

(c) *SUNSET.*—The authority of the Secretary to carry out this section shall terminate on the date on which the standard form for financial aid offers under section 124 of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is released.

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GENERAL EDUCATION PROVISIONS ACT

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PART C—GENERAL REQUIREMENTS AND CONDITIONS CONCERNING
THE OPERATION AND ADMINISTRATION OF EDUCATION PROGRAMS;
GENERAL AUTHORITY OF THE SECRETARY

* * * * *

SUBPART 4—RECORDS; PRIVACY; LIMITATION ON WITHHOLDING
FEDERAL FUNDS

* * * * *

PROTECTION OF THE RIGHTS AND PRIVACY OF PARENTS AND
STUDENTS

SEC. 444. (a)(1)(A) No funds shall be made available under any applicable program to any educational agency or institution which has a policy of denying, or which effectively prevents, the parents of students who are or have been in attendance at a school of such agency or at such institution, as the case may be, the right to inspect and review the education records of their children. If any material or document in the education record of a student includes information on more than one student, the parents of one of such students shall have the right to inspect and review only such part of such material or document as relates to such student or to be informed of the specific information contained in such part of such material. Each educational agency or institution shall establish appropriate procedures for the granting of a request by parents for access to the education records of their children within a reasonable period of time, but in no case more than forty-five days after the request has been made.

(B) No funds under any applicable program shall be made available to any State educational agency (whether or not that agency is an educational agency or institution under this section) that has a policy of denying, or effectively prevents, the parents of students the right to inspect and review the education records maintained by the State educational agency on their children who are or have been in attendance at any school of an educational agency or institution that is subject to the provisions of this section.

(C) The first sentence of subparagraph (A) shall not operate to make available to students in institutions of postsecondary education the following materials:

(i) financial records of the parents of the student or any information contained therein;

(ii) confidential letters and statements of recommendation, which were placed in the education records prior to January 1, 1975, if such letters or statements are not used for purposes other than those for which they were specifically intended;

(iii) if the student has signed a waiver of the student's right of access under this subsection in accordance with subparagraph (D), confidential recommendations—

(I) respecting admission to any educational agency or institution,

(II) respecting an application for employment, and

(III) respecting the receipt of an honor or honorary recognition.

(D) A student or a person applying for admission may waive his right of access to confidential statements described in clause (iii) of

subparagraph (C), except that such waiver shall apply to recommendations only if (i) the student is, upon request, notified of the names of all persons making confidential recommendations and (ii) such recommendations are used solely for the purpose for which they were specifically intended. Such waivers may not be required as a condition for admission to, receipt of financial aid from, or receipt of any other services or benefits from such agency or institution.

(2) No funds shall be made available under any applicable program to any educational agency or institution unless the parents of students who are or have been in attendance at a school of such agency or at such institution are provided an opportunity for a hearing by such agency or institution, in accordance with regulations of the Secretary, to challenge the content of such student's education records, in order to insure that the records are not inaccurate, misleading, or otherwise in violation of the privacy rights of students, and to provide an opportunity for the correction or deletion of any such inaccurate, misleading, or otherwise inappropriate data contained therein and to insert into such records a written explanation of the parents respecting the content of such records.

(3) For the purposes of this section the term "educational agency or institution" means any public or private agency or institution which is the recipient of funds under any applicable program.

(4)(A) For the purposes of this section, the term "education records" means, except as may be provided otherwise in subparagraph (B), those records, files, documents, and other materials which—

- (i) contain information directly related to a student; and
- (ii) are maintained by an educational agency or institution or by a person acting for such agency or institution.

(B) The term "education records" does not include—

- (i) records of instructional, supervisory, and administrative personnel and educational personnel ancillary thereto which are in the sole possession of the maker thereof and which are not accessible or revealed to any other person except a substitute;
- (ii) records maintained by a law enforcement unit of the educational agency or institution that were created by that law enforcement unit for the purpose of law enforcement;
- (iii) in the case of persons who are employed by an educational agency or institution but who are not in attendance at such agency or institution, records made and maintained in the normal course of business which relate exclusively to such person in that person's capacity as an employee and are not available for use for any other purpose; or
- (iv) records on a student who is eighteen years of age or older, or is attending an institution of postsecondary education, which are made or maintained by a physician, psychiatrist, psychologist, or other recognized professional or paraprofessional acting in his professional or paraprofessional capacity, or assisting in that capacity, and which are made, maintained, or used only in connection with the provision of treatment to the student, and are not available to anyone other than persons providing such treatment, except that such records can be

personally reviewed by a physician or other appropriate professional of the student's choice.

(5)(A) For the purposes of this section the term "directory information" relating to a student includes the following: the student's name, address, telephone listing, date and place of birth, major field of study, participation in officially recognized activities and sports, weight and height of members of athletic teams, dates of attendance, degrees and awards received, and the most recent previous educational agency or institution attended by the student.

(B) Any educational agency or institution making public directory information shall give public notice of the categories of information which it has designated as such information with respect to each student attending the institution or agency and shall allow a reasonable period of time after such notice has been given for a parent to inform the institution or agency that any or all of the information designated should not be released without the parent's prior consent.

(6) For the purposes of this section, the term "student" includes any person with respect to whom an educational agency or institution maintains education records or personally identifiable information, but does not include a person who has not been in attendance at such agency or institution.

(b)(1) No funds shall be made available under any applicable program to any educational agency or institution which has a policy or practice of permitting the release of education records (or personally identifiable information contained therein other than directory information, as defined in paragraph (5) of subsection (a)) of students without the written consent of their parents to any individual, agency, or organization, other than to the following—

(A) other school officials, including teachers within the educational institution or local educational agency, who have been determined by such agency or institution to have legitimate educational interests, including the educational interests of the child for whom consent would otherwise be required;

(B) officials of other schools or school systems in which the student seeks or intends to enroll, upon condition that the student's parents be notified of the transfer, receive a copy of the record if desired, and have an opportunity for a hearing to challenge the content of the record;

(C)(i) authorized representatives of (I) the Comptroller General of the United States, (II) the Secretary, or (III) State educational authorities, under the conditions set forth in paragraph (3), or (ii) authorized representatives of the Attorney General for law enforcement purposes under the same conditions as apply to the Secretary under paragraph (3);

(D) in connection with a student's application for, or receipt of, financial aid;

(E) State and local officials or authorities to whom such information is specifically allowed to be reported or disclosed pursuant to State statute adopted—

(i) before November 19, 1974, if the allowed reporting or disclosure concerns the juvenile justice system and such system's ability to effectively serve the student whose records are released, or

(ii) after November 19, 1974, if—

(I) the allowed reporting or disclosure concerns the juvenile justice system and such system's ability to effectively serve, prior to adjudication, the student whose records are released; and

(II) the officials and authorities to whom such information is disclosed certify in writing to the educational agency or institution that the information will not be disclosed to any other party except as provided under State law without the prior written consent of the parent of the student.

(F) organizations conducting studies for, or on behalf of, educational agencies or institutions for the purpose of developing, validating, or administering predictive tests, administering student aid programs, and improving instruction, if such studies are conducted in such a manner as will not permit the personal identification of students and their parents by persons other than representatives of such organizations and such information will be destroyed when no longer needed for the purpose for which it is conducted;

(G) accrediting organizations in order to carry out their accrediting functions;

(H) parents of a dependent student of such parents, as defined in section 152 of the Internal Revenue Code of 1986;

(I) subject to regulations of the Secretary, in connection with an emergency, appropriate persons if the knowledge of such information is necessary to protect the health or safety of the student or other persons;

(J)(i) the entity or persons designated in a Federal grand jury subpoena, in which case the court shall order, for good cause shown, the educational agency or institution (and any officer, director, employee, agent, or attorney for such agency or institution) on which the subpoena is served, to not disclose to any person the existence or contents of the subpoena or any information furnished to the grand jury in response to the subpoena; and

(ii) the entity or persons designated in any other subpoena issued for a law enforcement purpose, in which case the court or other issuing agency may order, for good cause shown, the educational agency or institution (and any officer, director, employee, agent, or attorney for such agency or institution) on which the subpoena is served, to not disclose to any person the existence or contents of the subpoena or any information furnished in response to the subpoena;

(K) the Secretary of Agriculture, or authorized representative from the Food and Nutrition Service or contractors acting on behalf of the Food and Nutrition Service, for the purposes of conducting program monitoring, evaluations, and performance measurements of State and local educational and other agencies and institutions receiving funding or providing benefits of 1 or more programs authorized under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) for which the results will be reported in an aggregate form that does not identify any individual, on the conditions that—

(i) any data collected under this subparagraph shall be protected in a manner that will not permit the personal identification of students and their parents by other than the authorized representatives of the Secretary; and

(ii) any personally identifiable data shall be destroyed when the data are no longer needed for program monitoring, evaluations, and performance measurements[; and];

(L) an agency caseworker or other representative of a State or local child welfare agency, or tribal organization (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), who has the right to access a student's case plan, as defined and determined by the State or tribal organization, when such agency or organization is legally responsible, in accordance with State or tribal law, for the care and protection of the student, provided that the education records, or the personally identifiable information contained in such records, of the student will not be disclosed by such agency or organization, except to an individual or entity engaged in addressing the student's education needs and authorized by such agency or organization to receive such disclosure and such disclosure is consistent with the State or tribal laws applicable to protecting the confidentiality of a student's education records[.]; and

(M) an institution of postsecondary education in which a student was previously enrolled, to which records of postsecondary coursework and credits are sent for the purpose of applying such coursework and credits toward completion of a recognized postsecondary credential (as that term is defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102)), upon condition that the student provides written consent prior to receiving such credential.

Nothing in subparagraph (E) of this paragraph shall prevent a State from further limiting the number or type of State or local officials who will continue to have access thereunder.

(2) No funds shall be made available under any applicable program to any educational agency or institution which has a policy or practice of releasing, or providing access to, any personally identifiable information in education records other than directory information, or as is permitted under paragraph (1) of this subsection, unless—

(A) there is written consent from the student's parents specifying records to be released, the reasons for such release, and to whom, and with a copy of the records to be released to the student's parents and the student if desired by the parents, or

(B) except as provided in paragraph (1)(J), such information is furnished in compliance with judicial order, or pursuant to any lawfully issued subpoena, upon condition that parents and the students are notified of all such orders or subpoenas in advance of the compliance therewith by the educational institution or agency, except when a parent is a party to a court proceeding involving child abuse and neglect (as defined in section 3 of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 note)) or dependency matters, and the order is issued in

the context of that proceeding, additional notice to the parent by the educational agency or institution is not required.

(3) Nothing contained in this section shall preclude authorized representatives of (A) the Comptroller General of the United States, (B) the Secretary, or (C) State educational authorities from having access to student or other records which may be necessary in connection with the audit and evaluation of Federally-supported education programs, or in connection with the enforcement of the Federal legal requirements which relate to such programs: *Provided*, That except when collection of personally identifiable information is specifically authorized by Federal law, any data collected by such officials shall be protected in a manner which will not permit the personal identification of students and their parents by other than those officials, and such personally identifiable data shall be destroyed when no longer needed for such audit, evaluation, and enforcement of Federal legal requirements.

(4)(A) Each educational agency or institution shall maintain a record, kept with the education records of each student, which will indicate all individuals (other than those specified in paragraph (1) (A) of this subsection), agencies, or organizations which have requested or obtained access to a student's education records maintained by such educational agency or institution, and which will indicate specifically the legitimate interest that each such person, agency, or organization has in obtaining this information. Such record of access shall be available only to parents, to the school official and his assistants who are responsible for the custody of such records, and to persons or organizations authorized in, and under the conditions of, clauses (A) and (C) of paragraph (1) as a means of auditing the operation of the system.

(B) With respect to this subsection, personal information shall only be transferred to a third party on the condition that such party will not permit any other party to have access to such information without the written consent of the parents of the student. If a third party outside the educational agency or institution permits access to information in violation of paragraph (2)(A), or fails to destroy information in violation of paragraph (1)(F), the educational agency or institution shall be prohibited from permitting access to information from education records to that third party for a period of not less than five years.

(5) Nothing in this section shall be construed to prohibit State and local educational officials from having access to student or other records which may be necessary in connection with the audit and evaluation of any federally or State supported education program or in connection with the enforcement of the Federal legal requirements which relate to any such program, subject to the conditions specified in the proviso in paragraph (3).

(6)(A) Nothing in this section shall be construed to prohibit an institution of postsecondary education from disclosing, to an alleged victim of any crime of violence (as that term is defined in section 16 of title 18, United States Code), or a nonforcible sex offense, the final results of any disciplinary proceeding conducted by such institution against the alleged perpetrator of such crime or offense with respect to such crime or offense.

(B) Nothing in this section shall be construed to prohibit an institution of postsecondary education from disclosing the final results

of any disciplinary proceeding conducted by such institution against a student who is an alleged perpetrator of any crime of violence (as that term is defined in section 16 of title 18, United States Code), or a nonforcible sex offense, if the institution determines as a result of that disciplinary proceeding that the student committed a violation of the institution's rules or policies with respect to such crime or offense.

(C) For the purpose of this paragraph, the final results of any disciplinary proceeding—

(i) shall include only the name of the student, the violation committed, and any sanction imposed by the institution on that student; and

(ii) may include the name of any other student, such as a victim or witness, only with the written consent of that other student.

(7)(A) Nothing in this section may be construed to prohibit an educational institution from disclosing information provided to the institution under section 170101 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071) concerning registered sex offenders who are required to register under such section.

(B) The Secretary shall take appropriate steps to notify educational institutions that disclosure of information described in subparagraph (A) is permitted.

(c) Not later than 240 days after the date of enactment of the Improving America's Schools Act of 1994, the Secretary shall adopt appropriate regulations or procedures, or identify existing regulations or procedures, which protect the rights of privacy of students and their families in connection with any surveys or data-gathering activities conducted, assisted, or authorized by the Secretary or an administrative head of an education agency. Regulations established under this subsection shall include provisions controlling the use, dissemination, and protection of such data. No survey or data-gathering activities shall be conducted by the Secretary, or an administrative head of an education agency under an applicable program, unless such activities are authorized by law.

(d) For the purposes of this section, whenever a student has attained eighteen years of age, or is attending an institution of postsecondary education, the permission or consent required of and the rights accorded to the parents of the student shall thereafter only be required of and accorded to the student.

(e) No funds shall be made available under any applicable program to any educational agency or institution unless such agency or institution effectively informs the parents of students, or the students, if they are eighteen years of age or older, or are attending an institution of postsecondary education, of the rights accorded them by this section.

(f) The Secretary shall take appropriate actions to enforce this section and to deal with violations of this section, in accordance with this Act, except that action to terminate assistance may be taken only if the Secretary finds there has been a failure to comply with this section, and he has determined that compliance cannot be secured by voluntary means.

(g) The Secretary shall establish or designate an office and review board within the Department for the purpose of investigating,

processing, reviewing, and adjudicating violations of this section and complaints which may be filed concerning alleged violations of this section. Except for the conduct of hearings, none of the functions of the Secretary under this section shall be carried out in any of the regional offices of such Department.

(h) Nothing in this section shall prohibit an educational agency or institution from—

(1) including appropriate information in the education record of any student concerning disciplinary action taken against such student for conduct that posed a significant risk to the safety or well-being of that student, other students, or other members of the school community; or

(2) disclosing such information to teachers and school officials, including teachers and school officials in other schools, who have legitimate educational interests in the behavior of the student.

(i) **DRUG AND ALCOHOL VIOLATION DISCLOSURES.**—

(1) **IN GENERAL.**—Nothing in this Act or the Higher Education Act of 1965 shall be construed to prohibit an institution of higher education from disclosing, to a parent or legal guardian of a student, information regarding any violation of any Federal, State, or local law, or of any rule or policy of the institution, governing the use or possession of alcohol or a controlled substance, regardless of whether that information is contained in the student's education records, if—

(A) the student is under the age of 21; and

(B) the institution determines that the student has committed a disciplinary violation with respect to such use or possession.

(2) **STATE LAW REGARDING DISCLOSURE.**—Nothing in paragraph (1) shall be construed to supersede any provision of State law that prohibits an institution of higher education from making the disclosure described in subsection (a).

(j) **INVESTIGATION AND PROSECUTION OF TERRORISM.**—

(1) **IN GENERAL.**—Notwithstanding subsections (a) through (i) or any provision of State law, the Attorney General (or any Federal officer or employee, in a position not lower than an Assistant Attorney General, designated by the Attorney General) may submit a written application to a court of competent jurisdiction for an ex parte order requiring an educational agency or institution to permit the Attorney General (or his designee) to—

(A) collect education records in the possession of the educational agency or institution that are relevant to an authorized investigation or prosecution of an offense listed in section 2332b(g)(5)(B) of title 18 United States Code, or an act of domestic or international terrorism as defined in section 2331 of that title; and

(B) for official purposes related to the investigation or prosecution of an offense described in paragraph (1)(A), retain, disseminate, and use (including as evidence at trial or in other administrative or judicial proceedings) such records, consistent with such guidelines as the Attorney General, after consultation with the Secretary, shall issue to protect confidentiality.

(2) APPLICATION AND APPROVAL.—

(A) IN GENERAL.—An application under paragraph (1) shall certify that there are specific and articulable facts giving reason to believe that the education records are likely to contain information described in paragraph (1)(A).

(B) The court shall issue an order described in paragraph (1) if the court finds that the application for the order includes the certification described in subparagraph (A).

(3) PROTECTION OF EDUCATIONAL AGENCY OR INSTITUTION.—An educational agency or institution that, in good faith, produces education records in accordance with an order issued under this subsection shall not be liable to any person for that production.

(4) RECORD-KEEPING.—Subsection (b)(4) does not apply to education records subject to a court order under this subsection.

* * * * *

MINORITY VIEWS

INTRODUCTION

H.R. 6951, the COLLEGE COST REDUCTION ACT, amends the HIGHER EDUCATION ACT OF 1965 (HEA) in ways Committee Democrats firmly believe will lower the quality of higher education and make higher education more expensive for students. Although H.R. 6951 makes good strides to improve transparency in higher education, it falls short of holistically providing the key data points students need to make informed decisions about college enrollment. H.R. 6951 also includes provisions to weaken the Direct Loan program and eliminate the PLUS Loan program, which will make it harder for some students to afford a college degree, and impossible for others. Finally, the bill dismantles the existing higher education accountability framework to protect students and taxpayers from waste, fraud, and abuse without proposing a viable alternative framework. Despite some of the bipartisan policies scattered throughout H.R. 6951, on the whole this bill will have a net-negative impact on both students and institutions of higher education.

BACKGROUND ON THE RISING COST OF COLLEGE AND THE FLAWED CONSIDERATION OF H.R. 6951

The value of a college degree cannot be understated. Research has consistently found that a college degree confers significant financial and non-financial returns, particularly for low-income students and students of color.¹ Typically, people with bachelor's degrees make over \$1 million more than high school graduates over their lifetimes.² In addition to increased learning potential, a college degree also provides financial stability. During the COVID-19 pandemic, job losses were concentrated in low wage industries and among workers who had the least education.³ While access is important, success in obtaining a college degree is crucial; research also shows that students who do not complete college have higher levels of debt, default, and repayment hardship.⁴

¹Susan K. Urahn et al., *Pursuing the American Dream: Economic Mobility Across Generations* 3, The Pew Charitable Trusts (Jul. 2012), https://www.pewtrusts.org/media/legacy/uploadedfiles/wwwpewtrustsorg/reports/economic_mobility/pursuingamericandreampdf.pdf; H. Comm. on Educ. & Lab., *Don't Stop Believin' (In the Value of a College Degree)*, (2019), <https://democrats-edworkforce.house.gov/imo/media/doc/Updated%20College%20Report%20Final.pdf>.

²H. Comm. on Educ. & Labor, *supra* note 01 at i.

³Nicole Bateman & Martha Ross, *The Pandemic Hurt Low-Wage Workers the Most—and So Far, the Recovery has Helped Them the Least*, The Brookings Inst. (Jul. 28, 2021), <https://www.brookings.edu/articles/the-pandemic-hurt-low-wage-workers-the-most-and-so-far-the-recovery-has-helped-them-the-least/>.

⁴Sandy Baum & Martha Johnson, *Student Debt: Who Borrows Most? What Lies Ahead?* 7, The Urban Inst. (Apr. 2015), <https://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000191-Student-Debt-Who-Borrows-Most-What-Lies-Ahead.pdf>; Nat'l Ass'n of Student Fin. Aid Admins., *The College Completion Crisis Fuels the Student Debt Crisis* 2, https://static1.squarespace.com/static/63617bfab0c640904baab4c/t/65b9c02d84a68b37242921c6/1706672174156/College_Completion_Crisis_Fuels_Student_Debt_Crisis.pdf.

As the cost of obtaining a degree has risen sharply over the last three decades, apprehension about the value of college has risen as well. From 1990 to 2019, the net cost of attendance has grown 81 percent at public four-year colleges, 33 percent at private nonprofit colleges, and 19 percent at public two-year colleges.⁵ The cost of college has significantly outpaced inflation, and many Americans' ability to afford a college education has declined.⁶ Nearly 7 million students, most of whom have family incomes under \$40,000 a year, rely on the Pell Grant to attend and complete college.⁷ However, the Pell Grant has not grown sufficiently to keep pace with increases in tuition and fees. The Pell Grant now covers the smallest share of college costs in four decades.⁸ Further, state investment in higher education has declined over the decades. In 1980, 79 percent of revenue for public colleges came from state and local investments, but in 2021 it was only 57 percent of revenue.⁹ Students are forced to make up that difference; to cover the remaining costs of college, low-income students are taking out loans at higher rates than their high-income peers and graduating with higher debt loads.

The federal government has a responsibility to support students in achieving their higher education goals by addressing these issues of the rising cost of college. Regrettably, Committee Republicans are taking a flawed approach to these issues through H.R. 6951. Although some policies in this bill have the goal of incentivizing institutions to lower their prices, the U.S. higher education system is not simply a free market, and these faulty, incomplete policies will create more questions and concerns than solutions for students and institutions alike. The policies proposed in H.R. 6951 will make it harder for institutions to deliver quality education, for students to afford higher education, and for the federal government to provide oversight of the federal student aid program.

H.R. 6951 MAKES IMPROVEMENTS TO COLLEGE TRANSPARENCY

H.R. 6951 makes laudable strides to improve transparency within higher education. Although there is substantial room for improvement, the transparency provisions in the bill could significantly increase many students' and families' ability to make informed financial decisions in postsecondary education. Committee Democrats stand eager to work in a bipartisan, bicameral fashion to build upon shared goals and enact policies that will meaningfully improve student-level and program-level data on college pricing and outcomes.

⁵ *Rethinking Higher Education*, U.S. Dep't of Education (Dec. 2018), <https://files.eric.ed.gov/fulltext/ED591005.pdf>.

⁶ H. Comm. on Educ. & Labor, *supra* note 01, at 1.

⁷ *#DoublePell for College Affordability*, NCAN, <https://www.ncan.org/page/Pell> (last visited on Feb. 9, 2024).

⁸ The Inst. For Coll. Access & Success, *A State-by-State Look at College (Un)Affordability* 10, (Apr. 2017), https://ticas.org/files/pub_files/college_costs_in_context.pdf; *see also*, *#Double Pell, The Case for Doubling the Pell Grant*, (Jun. 2021), <https://doublepell.org/wp-content/uploads/2021/06/Double-Pell-Mini-Policy-Paper.pdf>.

⁹ See State Higher Educ. Exec. Officers Ass'n., *State Higher Education Finance: FY 2021 70–71*, (2022), https://shef.sheeo.org/wp-content/uploads/2022/06/SHEEO_SHEF_FY21_Report.pdf.

FINANCIAL AID OFFERS

H.R. 6951 requires the Secretary of Education to create a standardized financial aid form for all institutions of higher education to use to provide students and families with information about the cost of college and their financial aid award. Currently, there is no federal law requiring standardization between institutions when transmitting financial aid reward offers to students.¹⁰ A uniform standardized financial aid form would provide students and parents with a detailed comparable data points on the cost of college. Committee Democrats support creating a standardized financial aid form to provide students and families with more clarity on college costs.

COLLEGE SCORECARD

H.R. 6951 proposes improvements to the College Scorecard,¹¹ a key tool prospective students can use to compare colleges. Specifically, the bill requires the College Scorecard to include program-level data on costs, student aid, and outcomes. Program-level data allows students to more easily determine whether a program of study best fits their academic needs. By collecting thorough data on whether individual programs meet the needs of their students, program-level data also provides institutions granularity necessary to identify and reform low-performing programs.¹² The bill further improves the ability of students to comparison shop between different institutions by building on the bipartisan, bicameral *Net Price Calculator Improvement Act*, introduced by Reps. Brett Guthrie (R-KY) and Lori Trahan (D-MA), to streamline cost comparisons.¹³ Specifically, it mandates the College Scorecard include a universal net price calculator, giving students better access to clear, standardized information about college costs.¹⁴

Transparency in the college selection process is a bipartisan concern; the award letter standardization and college scorecard provisions of H.R. 6951 have strong bipartisan support and could form the basis of legislation with a viable chance of passage into law.

POSTSECONDARY STUDENT DATA SYSTEM

The postsecondary data system has long needed reform, but the proposal under H.R. 6951 creates more problems than it solves by insisting on a dogmatic, counterproductive federal ban on student-level data collection. First proposed by Chairwoman Foxx in an

¹⁰ Stephen Burd et al., *Decoding the Cost of College: The Case for Transparent Financial Aid Award Letters* 7, New America (Jun. 5, 2018), [https://d1y8sb8igg2f8e.cloudfront.net/documents/Decoding the Cost of College Final 6218.pdf](https://d1y8sb8igg2f8e.cloudfront.net/documents/Decoding%20the%20Cost%20of%20College%20Final%206218.pdf); U.S. Gov't Accountability Off., GAO-23-104708, *Financial Aid Offers: Action Needed to Improve Information on College Costs and Student Aid* 36, (2022), <https://www.gao.gov/assets/gao-23/104708.pdf>.

¹¹ U.S. Dep't of Educ., *College Scorecard* <https://collegescorecard.ed.gov> (last visited Feb. 19, 2024).

¹² Michael Itzkowitz, *Which College Programs Give Students the Best Bang for Their Buck?* 2, Third Way (Aug. 13, 2021), <https://thirdway.imgix.net/pdfs/which-college-programs-give-students-the-best-bang-for-their-buck.pdf>.

¹³ H.R. 1214, 118th Cong. (as introduced in the House, Feb. 27, 2023).

¹⁴ Monica Maldonado, *How Net Price Calculators Can Better Serve Students*, Inst. for Higher Educ. Pol'y (Oct. 23, 2019), <https://www.ihep.org/how-net-price-calculators-can-better-serve-students>.

amendment to the *College Cost Reduction and Access Act* in 2007,¹⁵ this ban prohibits the federal government from collecting student-level data, something many states already do to provide strong data on higher education costs and benefits. Higher education stakeholders have long advocated for the bipartisan *College Transparency Act* (CTA), introduced in the 118th Congress by Reps. Raja Krishnamoorthi (D-IL), Joe Wilson (R-SC), Suzanne Bonamici (D-OR), Nancy Mace (R-SC) and Mikie Sherrill (D-NJ).¹⁶ The CTA, which is supported by over 150 organizations,¹⁷ would lift the federal ban and establish a comprehensive student-level data network (SLDN) that would “provide important, aggregate information on all postsecondary students and their outcomes for stakeholders.”¹⁸ This framework would provide key outcomes data including enrollment, completion, and post-completion success for *all* students in higher education; those data could be aggregated and disaggregated to identify trends across student populations, institutions, and other categories.¹⁹ Regrettably, H.R. 6951, does not lift the student-level data ban and mandates data collection and reporting of data for only recipients of federal student aid, *Workforce Innovation and Opportunity Act* (WIOA) program participants, veterans’ education benefit recipients, and other military-connected students. According to the Association of Public and Land Grant Universities, this limitation will exclude data for roughly 30 percent of all students across higher education.²⁰ Included in this glaring gap are more than half of all community college students in credit-bearing classes.²¹

In addition to resulting in incomplete data sets, the student-level data ban places an unnecessary burden on institutions. Institutions are already required under HEA to report data to the Integrated Postsecondary Education Data System (IPEDS) for all their students. As drafted, H.R. 6951 will require institutions to report to IPEDS and this new data network using two unique sets of data. This duplication in data reporting will be especially burdensome for community colleges,²² since 1) they will have a disproportionate percentage of students to exclude compared to other types of institutions, and 2) they typically have fewer administrative resources compared to other types of institutions. In comparison, a core goal of the *College Transparency Act* framework is to streamline the fed-

¹⁵ College Cost Reduction and Access Act, Pub. L. No: 110 84, 121 Stat. 784 (2007) (codified at 20 U.S.C. 1001).

¹⁶ H.R. 2957, 118 Cong. (as introduced in the House, Apr. 27, 2023).

¹⁷ Letter from the Postsecondary Data Collaborative & National Skills Coalition to Sen. Bill Cassidy, Sen. Elizabeth Warren, Sen. Roger Marshall, Sen. Sheldon Whitehouse, Sen. Chuck Grassley, Sen. John Hickenlooper, Rep. Raja Krishnamoorthi, Rep. Joe Wilson, Rep. Suzanne Bonamici, Rep. Nancy Mace, and Rep. Mikie Sherrill 2–5 (May 2023), available at <https://www.ihep.org/wp-content/uploads/2023/05/PostsecData-National-Skills-Coalition-2023-CTA-Sign-On-May-2023.docx.pdf>.

¹⁸ Erin Dunlop Velez et al., *Implementing a Federal Student-Level Data Network: Advice from Experts*, 2, RTI Int’l & Inst. for Higher Educ. Pol’y (Aug. 2020), https://www.ihep.org/wp-content/uploads/2020/11/ihep_sldn_brief_rd4_web.pdf.

¹⁹ Sen. Bill Cassidy & Sen. Elizabeth Warren, *College Transparency Act*, https://www.help.senate.gov/imo/media/doc/cta_one_pager.pdf (last visited on Feb. 9, 2024).

²⁰ Letter from Mark Becker, President, Ass’n of Pub. and Land-grant Univ., to Reps. Foxx & Scott (Jan. 29, 2024), available at <https://www.aplu.org/wp-content/uploads/CCRA-Markup-Letter-Signed.pdf>.

²¹ Letter from Walter G. Bumphus, Ph.D., President & CEO, Am. Ass’n of Comm. Colls., to Reps. Foxx & Scott (Jan. 30, 2024), available at <https://www.aacc.nche.edu/2024/01/31/aacc-letter-on-college-cost-reduction-act/>.

²² *Id.*

eral reporting system, in turn decreasing institutional burden. Chairwoman Foxx continues to oppose the *College Transparency Act*, arguing it is “political hackery” to give bureaucrats “unfettered access to pry into the lives of Americans.”²³ In reality, the *College Transparency Act* includes provisions to protect student privacy by requiring the use of privacy-and security-enhanced technology, mandating compliance with all Federal privacy and data security laws, and explicitly prohibiting the collection of student health data, discipline records, exact addresses, citizenship status and national origin status, college entrance exam results, political affiliation, and religion.²⁴ Without the comprehensive reform proposed in the *College Transparency Act*, data provisions in H.R. 6951 will prevent students from seeing the full picture of student outcome data and force institutions into redundant and incomplete data submissions.

H.R. 6951 DECREASES COLLEGE ACCESS AND MAKES COLLEGE LESS AFFORDABLE

H.R. 6951 proposes a package of damaging policies that will create a bleak landscape for college access and affordability. Committee Democrats are deeply concerned that the proposed changes to federal student aid in H.R. 6951 will collectively limit access to a range of programs of study for low-income students, steer students into the private loan market, and make it harder for borrowers to pay off their loans, in direct opposition to the goals that drove the creation of the HEA.

CAPPING AID AT THE MEDIAN COST OF COLLEGE

H.R. 6951 caps the total amount of federal student aid that any student can receive at the median cost of attendance for a student enrolled in a similar program of study, based on national data. The stated intent of this policy is to encourage institutions of higher education to lower their tuition prices; however, Committee Democrats are not aware of any research that signals this policy is an appropriate approach to lower college costs. As a threshold matter, capping aid at the median cost of attendance would mean 50 percent of students who rely on federal student aid would not receive enough federal aid to cover the cost of their program. Higher education advocates rightfully argue this will create a harmful funding gap that impacts students’ ability to cover the basics needs components of their cost of attendance, such as housing and transportation and will be detrimental to students’ ability to obtain their degree.²⁵ Further, by using nationwide averages to cap costs, students attending school in high cost of living areas will be disproportionately impacted. Rep. Pramila Jayapal (D-WA) offered an amendment to adjust the allowable amounts of federal student aid based on location to account for high cost-of-living areas, but Com-

²³ Scott Jaschik, *House Approves College Transparency Act*, Inside Higher Ed (Feb. 6, 2022), <https://www.insidehighered.com/news/2022/02/07/house-passes-college-transparency-act>.

²⁴ H.R. 2957, *supra* note 16.

²⁵ Letter from Justin Draeger, President & CEO, Nat’l Ass’n of Student Fin. Aid Admins., to Reps. Foxx & Scott (Jan. 26, 2024), available at https://www.nasfaa.org/uploads/documents/College_Cost_Reduction_Act_Letter.pdf; Letter from Ted Mitchell, President, Am. Council on Educ., to Reps. Foxx & Scott (Jan. 30, 2024), available at <https://www.aamc.org/media/74636/download>.

mittee Republicans rejected the amendment on a party-line vote. Without this adjustment, the basic needs issues of students attending institutions in urban areas will be exacerbated. Although Committee Republicans believe this aid cap will incentivize institutions to lower their prices, Committee Democrats believe this unfounded, procrustean approach does not take into consideration variables across the higher education system. When coupled with provisions limiting the Secretary's ability to regulate discussed later in these views, this provision would sew chaos throughout higher education by discouraging students from entering school to begin with or drive them into the private loan market.

PELL GRANTS

H.R. 6951 as reported by the Committee does nothing to strengthen the Pell Grant program—the cornerstone of federal student aid. Despite the declining purchasing power of the Pell Grant, it remains a powerful tool that unlocks significant additional financial support for low-income students in higher education.²⁶

In recent years, Congress has secured historic improvements to the Pell Grant. Through the *FAFSA Simplification Act of 2020*, Congress significantly reformed the needs analysis process to streamline the FAFSA form and make Pell Grants accessible to more students.²⁷ The Department of Education has now estimated the reforms of the *FAFSA Simplification Act of 2020* will result in 610,000 more Pell Grant recipients and nearly 1.5 million students receiving the maximum Pell Grant this year.²⁸ The *FAFSA Simplification Act* also restored Pell Grant eligibility to incarcerated students, who had been denied participation for decades.²⁹ Further, Congressional Democrats secured a \$900 total increase in the maximum Pell Grant in the year-end budget deals of fiscal years 2022 and 2023.³⁰

Based on this track record of recent success, the so-called *College Cost Reduction Act* would have been the perfect opportunity to reduce college costs for students by increasing the value of the Pell Grant for all students. Instead, H.R. 6951, as introduced included a “Pell Plus” program that proposed to double the Pell Grant award amount for any junior and senior on track to complete a bachelor's degree within four years. While it is certainly true that increased aid has been shown to improve completion rates for low-income students,³¹ the program's additional Pell funds would have only been awarded to full-time, baccalaureate students. However, college

²⁶ National College Attainment Network, *supra* note 7.

²⁷ Consolidated Appropriations Act, Pub. L. No. 116–260, tit. VII div. FF, § 701, 134 Stat. 1182, 3137 (2021).

²⁸ Press Release, U.S. Dep't of Educ., U.S. Department of Education Announces More Than 3.1 Million FAFSA Forms Successfully Submitted and an Update to Student Aid Index Calculation (Jan. 30, 2024), <https://www.ed.gov/news/press-releases/us-department-education-announces-more-31-million-fafsa-forms-successfully-submitted-and-update-student-aid-index-calculation>.

²⁹ Nicholas Turner & Nazish Dholakia, *After 29 Years, Incarcerated Students Are Finally Going Back to School*, Vera Institute of Justice (Jun. 22, 2023), <https://www.vera.org/news/after-29-years-incarcerated-students-are-finally-going-back-to-school>; <https://www.vera.org/news/after-29-years-incarcerated-students-are-finally-going-back-to-school?text=Vera%E2%80%94along%20with%20other%20organizations,Pell%20Grants%20to%20incarcerated%20students>.

³⁰ Consolidated Appropriations Act, Pub. L. No. 117–103, 136 Stat. 49 (2022); Consolidated Appropriations Act, Pub. L. No. 117–328, 136 Stat. 4459 (2023).

³¹ Spiros Protopsaltis & Sharon Parrott, *Pell Grants—a Key Tool for Expanding College Access and Economic Opportunity—Need Strengthening in, Not Cuts*, Ctr. on Budget & Pol'y Priorities (Jul. 27, 2017), <https://www.cbpp.org/research/pell-grants-a-key-tool-for-expanding-college-access-and-economic-opportunity-need>.

costs are not just rising for full-time students; all students should be eligible to receive increased Pell Grant aid to incentivize completion. For low-income students who are balancing other responsibilities such as work and child care alongside their education, part-time enrollment may be their sole option, and they should not be penalized for that. Further, research shows that at 80% of institutions, Pell Grant recipients graduate on-time at a lower rate than non-Pell recipients.³² H.R. 6951 attempted to address this by creating an incentive for on-time completion, but the policy seems in no way connected to the reasons *why* Pell recipients may not complete college on time. Committee Democrats were prepared to offer amendments to ensure that all Pell students had an opportunity to receive this bonus, but surprisingly, the Pell Plus proposal was removed from the bill with the adoption of the amendment in the nature of a substitute (ANS) at markup.³³ Despite originally touting “enhanced Pell Grants” in their promotional materials for H.R. 6951,³⁴ the removal of this provision resulted in Republicans marking up and reporting to the House a bill ostensibly about college costs that does nothing to reduce the cost of college for students receiving a Pell Grant. With the removal of its sole Pell Grant reform, H.R. 6591 is not a serious attempt at making higher education more affordable for low-income students.

Committee Democrats were surprised Committee Republicans removed the sole Pell Grant provision in their Amendment in the Nature of a Substitute for the markup.³⁵ Despite originally touting “enhanced Pell Grants” in their original summary documents,³⁶ Committee Republicans removed this provision before the markup, perhaps due in part to significant backlash over the removal of the Federal Supplemental Opportunity Grants (FSEOG) in their original bill, as discussed below. Instead of responding to these concerns by restoring FSEOG *and* maintaining their new Pell proposal, Republicans may have chosen to remove the Pell investments to bolster the claim H.R. 6951 was “putting taxpayers first.”³⁷ With the removal of the sole Pell Grant reform, H.R. 6591 is not a serious attempt at making higher education more affordable for low-income students.

Committee Democrats offered several amendments to make meaningful reforms to the Pell Grant program. Vice Ranking Member Jahana Hayes (D-CT) introduced an amendment to double the maximum Pell Grant over six years and index the maximum award to inflation. That amendment also allowed students who receive certain federal means-tested benefits, such as the Supplemental

³² Wesley Whistle & Tamara Hiler, *The Pell Divide: How Four-Year Institutions are Failing to Graduate Low-and Moderate-Income Students*, Third Way (May 1, 2018), <https://www.thirdway.org/report/the-pell-divide-how-four-year-institutions-are-failing-to-graduate-low-and-moderate-income-students>.

³³ H.R. 6951, 118th Cong. (as introduced in the House, Jan. 11, 2024).

³⁴ See *The College Cost Reduction Act: Bill Summary*, H. Comm. on Educ. & the Workforce, https://edworkforce.house.gov/uploadedfiles/college_cost_reduction_act_bill_summary_updatefd_final.pdf (last visited February 12, 2024).

³⁵ Markup of H.R. 6951 in the H. Comm. on Educ. & the Workforce, Amdt. in the Nature of a Substitute, Jan. 31, 2024, https://edworkforce.house.gov/uploadedfiles/hr6951_owens_ans.pdf.

³⁶ See *The College Cost Reduction Act: Bill Summary*, H. Comm. on Educ. & the Workforce, https://edworkforce.house.gov/uploadedfiles/college_cost_reduction_act_bill_summary_updatefd_final.pdf (last visited February 12, 2024).

³⁷ Bianca Quilantan & Dana Nickel, *House Education Republicans Pass Sweeping Higher Education Overhaul*, PoliticoPro (Jan. 31, 2024), <https://subscriber.politicopro.com/article/2024/01/house-education-republicans-pass-sweeping-higher-education-overhaul-00138978>.

Nutrition Assistance Program (SNAP), to automatically qualify for an additional \$1,500 in grant aid in addition to the maximum Pell award. Rep. Mark DeSaulnier (D–CA) introduced an amendment to expand the semesters of Pell eligibility from 12 back to 18, as it was prior to programmatic changes made to address the 2011 budget shortfall in the Pell Grant program.³⁸ Additionally, Rep. Haley Stevens (D–MI) introduced an amendment to allow students to utilize any remaining Pell Grant eligibility they had after completing their undergraduate degree towards graduate education. Unfortunately, these amendments were all defeated on party-line votes. Should Committee Republicans reconsider the Pell Plus proposal again, Committee Democrats stand ready to craft policy that incentivizes completion and improves the Pell Grant program for all students.

CAMPUS-BASED AID

H.R. 6951 includes a new grant program, Promoting Real Opportunities to Maximize Investments in Savings in Education (PROMISE), that would issue performance-based grants to reward institutions for providing strong earnings outcomes, keeping tuition low, and matriculating low-income students. To receive a PROMISE grant, an institution must provide students with a maximum total price guarantee, establishing the most money an institution could charge the student to complete their program, based on the student's family income and financial need.

Though Committee Democrats generally support the creation of programs that increase postsecondary access opportunities for low- and middle-income students, we have several concerns with the PROMISE program as conceived in H.R. 6951. First, PROMISE grants would essentially function as a block grant to institutions, with few enumerated requirements in the bill as to their use. There was not even a provision requiring some minimum percentage of the grant aid to be directly given to students to offset their need, so a school could use its grant for various purposes rather than “maximizing investments in savings in education”.

Additionally, Committee Democrats worry the maximum total price guarantee requirement will disincentivize schools from participating in the PROMISE program. While this attempt to control college costs is commendable, it is imperative that proposed policies to keep higher education affordable are actually viable. In this case, it is unclear whether institutions would significantly cap tuition costs just to become *eligible* to participate in a program with no guarantee that it will *receive* funds. Further, public institutions are particularly at risk of not accessing these funds, since tuition at most public institutions is determined by state and local governments.³⁹ The volatile and unpredictable nature of state funding for higher education makes it challenging for public institutions to guarantee tuition levels for multiple years at a time, meaning they

³⁸The Consolidated Appropriations Act, 2012 (P.L. 112–74) decreased the total lifetime Pell eligibility from 18 to 12 semesters beginning in Academic Year 2012–2013. See Cassandra Dortch, Cong. Rsch. Serv., R45418 *Federal Pell Grant Program of Higher Education Act: Primer*, 10, (2023), <https://crsreports.congress.gov/product/pdf/R/R45418>.

³⁹Mark Becker, *supra* note 20.

will likely be ineligible for PROMISE grants due to factors beyond their control.⁴⁰

Additionally, Committee Democrats worry whether the bill's PROMISE provisions include resources sufficient enough to make a meaningful difference for students. This is because the text of H.R. 6951 as introduced funded the PROMISE grant in part by eliminating the Federal Supplemental Education Opportunity Grant, or FSEOG program.⁴¹ The FSEOG program delivers supplemental grant aid directly to the students most in need on a campus.⁴² But in the same way Pell Plus was eliminated from H.R. 6951 at markup, the FSEOG program was restored in the bill's ANS. While Committee Democrats view this as a significant win for low-income students, the restoration of FSEOG reduces the funding available for PROMISE grants. This places a higher burden on the other source of PROMISE funding—payments derived from the bill's so-called risk-sharing proposal, discussed subsequently in this report.⁴³ If the risk sharing scheme does not produce enough funds for eligible schools to receive PROMISE grants, the bill requires prioritization of institutions with the highest percentages of low-income students for PROMISE funding.⁴⁴ Funding a proposal in such a manner without a guarantee that all eligible institutions, and most importantly students at their institutions, will have the ability to benefit from the program, is unwise.

Finally, it is not lost on Committee Democrats that this is an attempt to co-opt the “PROMISE” branding in higher education, which has generally come to refer to programs across the country that provide free (or highly subsidized) semesters of community college.⁴⁵ Relatedly the *America's College Promise Act* (ACP), a⁴⁶ bill first introduced in 2015, establishes a federal-state partnership to expand access to higher education by providing two years of tuition-free community college and creating grants for Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities⁴⁷ Minority (MSIs) to provide two years of tuition-free education. The Republican's PROMISE program is fundamentally different from what Committee Democrats offered in ACP or the Promise programs that the non-profit College Promise indicates are at “approximately 104 community college and university programs offered across 45 states.” The PROMISE program as included in H.R. 6951 does not offer a real mechanism to solve issues of college

⁴⁰ *Id.*

⁴¹ While the bill text does not make this explicit, initial promotional materials from the Majority suggested this was the implication of the policy, which is aligned with the Majority's longstanding insistence on not providing additional budget authority for higher education programs without an offset.

⁴² See 20 U.S.C. § 1070b. t

⁴³ See *infra* text accompanying notes 69–70.

⁴⁴ H.R. 6951, Amdt. in the Nature of a Substitute, § 415E(b), Jan. 31, 2024.

⁴⁵ See e.g. Edward Conroy, *How Are the More Than 400 College Promise Programs Helping Students?*, *Forbes* (Jul. 13, 2023), <https://www.forbes.com/sites/edwardconroy/2023/07/13/how-are-the-more-than-400-college-promise-programs-helping-students/?sh=5df32ad99039>; *Promise Programs Database*, W.E. Upjohn Institute, <https://upjohn.org/promise/promiseSearch.html#scrollSpot> (last visited Feb. 12, 2024).

⁴⁶ President Obama first unveiled the America's College Promise proposal in 2015, <https://obamawhitehouse.archives.gov/the-press-office/2015/01/09/fact-sheet-white-house-unveils-america-s-college-promise-proposal-tuitio>. President Biden proposed a similar program in the FY2024 President's Budget. <https://www2.ed.gov/about/overview/budget/budget24/justifications/t-fcc.pdf>. Rep. Scott and Sen. Tammy Baldwin (D-WI) first introduced the *America's College Promise Act* in 2015. H.R. 2961, 115th Cong. (2015).

⁴⁷ America's College Promise Act, H.R. 5998, 118th Cong. (2023).

affordability and completion. At the markup, Rep. Teresa Leger Fernandez (D–NM) offered an amendment to strike the PROMISE grant in the bill and replace it with the *America’s College Promise Act*. This amendment failed along a party-line vote.

LIMITING ACCESS TO FEDERAL STUDENT LOANS

H.R. 6951 revises the aggregate and annual Direct Loan limits for undergraduate and graduate students. The current aggregate Direct Loan limits are \$31,000 for dependent undergraduate students, \$57,500 for independent undergraduate students, and \$138,500 for graduate and professional students.⁴⁸ The bill changes the aggregate limit to \$50,000 for dependent and independent undergraduate students, \$100,000 for graduate students, and raises the limit to \$150,000 for professional graduate students. Independent undergraduate students and non-professional graduate students will face drastic cuts to their total federal student loan eligibility from these limits. In conjunction with other loan changes detailed below, most students will be worse off with this proposal.

The bill also allows institutions to cap loans even further based on program of study. This will create significant affordability issues for students preparing for impactful careers in fields with traditionally low earnings, such as teaching and social work. Several higher education and consumer protection advocates fear that giving colleges this authority will “threaten universal access to student loans”⁴⁹ and restrict college access for students whose needs are not otherwise met.⁵⁰

H.R. 6951 also eliminates Parent PLUS and Graduate PLUS loans for all future borrowers. The PLUS program is not without its faults,⁵¹ but taking a hatchet to the program instead of a scalpel will only drive families and graduate students to the predatory private loan market⁵² to finance higher education. Advocates across the political spectrum have emphasized that to successfully steer students and families away from PLUS loans, robust front-end student aid and increased institutional aid are essential.⁵³ Eliminating PLUS Loans without providing such additional front-end aid will likely have a disastrous effect on the demographic group that disproportionately relies on PLUS Loans, Black students and their families. Black families tend to take out Parent PLUS loans at higher rates compared to other student groups due in part to having less generational wealth and fewer financial resources generally due in part to systemic racism.⁵⁴

⁴⁸ Alexandra Hegji, Cong. Rsch. Serv., R45931, *Federal Student Loans Made Through the William D. Ford Federal Direct Loan Program: Terms and Conditions for Borrowers*, 14–15 (2023).

⁴⁹ Ben Barrett, *More than Tuition: Experimenting Loan Limits*, New America (May, 23, 2016) <https://www.newamerica.org/education-policy/edcentral/tuition-setting-student-loan-limits/>.

⁵⁰ Letter from Christopher Chapman, Pres. & CEO, Access Lex Institute, to Reps. Foxx & Scott, Jan. 22, 2024 (on file with author).

⁵¹ Victoria Jackson et al., *Parent Plus Loans are a Double-Edged Sword for Black Borrowers* 6–7, Educ. Trust (Jun. 2023), https://edtrust.org/wp-content/uploads/2014/09/ParentPLUS_Brief_V6.pdf.

⁵² Ben Kaufman, *Private Student Loans: New Report Sheds Light on the Need for Borrower Protection an Opaque \$130 Billion Market*, Student Borrower Protection Ctr. (Apr. 30, 2020), <https://protectborrowers.org/130-billion-psl-market/>.

⁵³ Beth Akers et al., *A Framework for Reforming Federal Graduate Student Aid Policy*, The Century Found. (Dec. 8, 2023), <https://tcf.org/content/report/a-framework-for-reforming-federal-graduate-student-aid-policy/>.

⁵⁴ Jackson et al., *supra* note 51 at 4.

Taken together, H.R. 6951's "affordability" provisions could result in many students being unable to afford graduate degrees. By eliminating Grad PLUS loans, lowering Direct Loan limits, and providing no other increases in grant aid, access to careers that require graduate education will be severely limited since the cost of attendance for many of these programs will now exceed many students' total federal student aid eligibility.⁵⁵ This financing structure will inevitably harm low-income students and students of color by either requiring them to take out predatory private loans to finance their education or forcing them to walk away from higher education entirely. Rep. Ilhan Omar (D-MN) offered amendments striking these loan limits and the elimination of the PLUS program, which were both rejected by Committee Republicans. Committee Democrats welcome conversations on ways to address the serious concerns about the

PLUS program but any actions we take must not come at the expense of compromising access and affordability for students.

LOAN REPAYMENT PLANS

H.R. 6951 streamlines the repayment options available to Direct Loan program participants into two plans: a standard repayment plan and a repayment assistance plan. While higher education advocates have long asked Congress to streamline the loan program,⁵⁶ the model in H.R. 6951 is not designed to support borrowers; rather, its proposed "assistance" plan will leave some borrowers paying until they die and will lead many more to making decades of unaffordable payments. The bill's assistance plan requires borrowers to make payments equal to 10 percent of their discretionary income (calculated as any income above 150 percent of the federal poverty level). Unlike current income-based repayment plans, there is also no opportunity for forgiveness after a predetermined number of monthly payments, so borrowers could end up paying off their loans for their entire life without receiving any relief. Higher education advocates are concerned that this new plan will make higher education less affordable and drive more borrowers into delinquency and default.⁵⁷

This proposal is a stark contrast to the new Saving on a Valuable Education (SAVE) Plan developed by the Biden Administration.⁵⁸ The SAVE plan is the most generous repayment plan ever established and is expected to drastically help low-and middle-income borrowers finance their educations. Compared to the proposed repayment assistance plan in H.R. 6951, the SAVE Plan requires

⁵⁵ See Akers et al., *supra* note 53 ("However, such limits may unintentionally prevent students from attending programs that could leave them better off, particularly low-income students and students of color who may lack alternative options to access graduate education financing.").

⁵⁶ *Streamlining Student Loan Repayment*, NASFAA (2015), https://www.nasfaa.org/uploads/documents/streamlining_repayment.pdf; Ted Mitchell, *supra* note 25.

⁵⁷ Letter from Marc Egan, Dir. of Govt. Relations, Nat'l Educ. Ass'n, to the H. Comm. on Educ. & the Workforce (Jan. 31, 2024), *available at* <https://www.nea.org/advocating-for-change/action-center/letters-testimony/nea-urges-house-education-committee-vote-no-college-cost-reduction-act-hr-6951>; Press Release, TICAS, Chairwoman Foxx's Higher Education Proposal Fall Short on Student Protections, College Affordability (Jan. 11, 2024), <https://ticas.org/media/chairwoman-foxxs-higher-education-proposal-falls-short-on-student-protections-college-affordability/>.

⁵⁸ U.S. Dep't of Educ., *The Saving on a Valuable education (SAVE) Plan Offers Lower Monthly Loan Payments*, <https://studentaid.gov/announcements-events/save-plan> (last visited on Feb. 9, 2024).

borrowers to make payments equal to 5 percent of their discretionary income (calculated as any income above 225 percent of the federal poverty level). The Department of Education estimates that once fully implemented, more than one million low-income borrowers will qualify for \$0 loan payments per month, allowing families to focus on the basic needs of food, housing, and transportation.⁵⁹ According to the Biden Administration, “borrowers will see their total payments per dollar borrowed fall by 40%. Borrowers with the lowest projected lifetime earnings will see payments per dollar borrowed fall by 83 percent.”⁶⁰ Committee Democrats will continue to advocate for the SAVE plan, which will better allow borrowers to manage their higher education debt and focus on their other financial needs.

H.R. 6951 also prohibits the Secretary of Education (Secretary) from developing new repayment plans or modifying existing repayment plans if those changes increase subsidy costs to the federal government. This is extremely concerning because, if it became law, no future administration—Democrat or Republican—would have the authority to make common-sense changes to loan repayment that support the needs of borrowers. This prohibition is a direct attack on the Biden Administration and the significant progress it has made to improve student loan repayment for borrowers.⁶¹ Any disinterested party would realize it is crucial that the Secretary has the flexibility to respond to the ever-changing needs of borrowers; the COVID-19 pandemic was a perfect example of the nimbleness needed to address borrowers’ economic struggles.⁶² Rep. Omar offered an amendment to strike the loan repayment reforms that are less beneficial for borrowers than those created under current laws and regulations, but it was voted down along party lines.

BORROWER SUPPORTS

H.R. 6591 does include three strong bipartisan provisions to support borrowers in repayment. First, it allows borrowers to rehabilitate their defaulted loans twice, rather than the current limit of just once. This will provide borrowers struggling with default additional opportunities to improve their financial wellbeing. Second, the bill eliminates interest capitalization in all instances, which should stop borrowers from seeing their loan balances grow from ballooning amortizing interest despite monthly payments. This builds off recent work the Biden Administration undertook to eliminate interest capitalization in the six places in law it has the au-

⁵⁹ Fact Sheet, The White House, FACT SHEET: The Biden-Harris Administration Launches the SAVE Plan, the Most Affordable Student Loan Repayment Plan Ever to Lower Monthly Payments for Millions of Borrowers (Aug. 22, 2023), <https://www.whitehouse.gov/briefing-room/statements-releases/2023/08/22/fact-sheet-the-biden-harris-administration-launches-the-save-plan-the-most-affordable-student-loan-repayment-plan-ever-to-lower-monthly-payments-for-millions-of-borrowers/>.

⁶⁰ *Id.*

⁶¹ Such direct political attacks on Administration efforts are infused throughout majority communications; the popup window on the landing web page for the Committee on Education and the Workforce reads “The Biden administration is pursuing reckless student loan policies that are UNFAIR and costing taxpayers BILLIONS.” <https://edworkforce.house.gov/> (last visited Feb. 9, 2024).

⁶² U.S. Dep’t of Educ., *COVID-19 Emergency Relief and Federal Student Aid*, <https://studentaid.gov/announcements-events/covid-19> (last visited on Feb. 9, 2024).

thority to do so.⁶³ Since the administration does not have the authority to eliminate interest capitalization for the other four instances of capitalization, Congress must address these in statute.⁶⁴ Third, the bill eliminates origination fees on all new student loans, which were originally established to offset costs of the now-defunct Federal Family Education Loan (FFEL) program.⁶⁵ The current origination fees of 1 percent for Direct Loans and 4 percent for PLUS loans significantly contribute to increased loan balance, especially for graduate borrowers.⁶⁶ These three provisions have significant bipartisan support in Congress; the *Lowering Obstacles to Achieve Now (LOAN) Act*, introduced by the Higher Education and Workforce Development Subcommittee Ranking Member Frederica Wilson (D-FL) and Ranking Member Bobby Scott (D-VA), would also eliminate interest capitalization and origination fees and support borrowers in default.⁶⁷

Committee Democrats offered multiple amendments to strengthen support for borrowers that were unfortunately defeated on party-line votes. Specifically Ranking Member Scott offered an amendment to lower interest rates for students and Ranking Member Wilson offered an amendment to expand access to subsidized loans and improve loan rehabilitation. Furthermore, Rep. Joe Courtney (D-CT) offered an amendment to improve the Public Service Loan Forgiveness (PSLF) program and Rep. Alma Adams (D-NC) offered amendments to eliminate student loan defaults from borrowers' credit reports and to prohibit the garnishment of Social Security benefits. Together, these reforms would have helped low-income borrowers who, under H.R. 6951, will have significantly higher payments for longer periods of time. Each proposed amendment failed on a party-line vote.

H.R. 6951 GUTS FEDERAL ACCOUNTABILITY FRAMEWORK, LEAVING STUDENTS AND TAXPAYERS VULNERABLE

RISK SHARING AGREEMENTS

H.R. 6951 proposes a risk-sharing agreement in which all institutions must compensate the federal government for a portion of the unpaid principal and interest on loans for their students. The “risk sharing” model has long been a Republican policy goal designed to encourage institutions to “have skin in the game” with respect to student loan repayment rates.⁶⁸

⁶³ Namely: entering repayment status, annually in income-contingent repayment (ICR) plans and alternative repayment plans, exit from or failure to recertify income and family size in the PAYE and REPAYE plans, end of partial financial hardship in PAYE plan, end of forbearance, and in default. See Hegji, *supra* note 48, at 26–29; Press Release, U.S. Dep't of Educ., Education Department Release Final Regulations to Expand and Improve Targeted Debt Relief Programs (Oct. 31, 2022), <https://www.ed.gov/news/press-releases/education-department-releases-final-regulations-expand-and-improve-targeted-debt-relief-programs>.

⁶⁴ The Executive Branch does not have the authority to eliminate interest in the following situations: exit from or failure to recertify income and family size in an income-based repayment (IBR) plan, end of partial financial hardship in IBR plans, end of loan deferment, and loan consolidation. See Hegji, *supra* note 48, at 26–29.

⁶⁵ Fact Sheet, Nat'l Ass'n of Student Fin. Aid Adm'rs, *Origination Fees*, (Apr. 2023), https://www.nasfaa.org/uploads/documents/Issue_Brief_Origination_Fees.pdf.

⁶⁶ *Id.*

⁶⁷ Lowering Obstacles to Achievement Now Act, H.R. 1731, 118th Cong. (2023).

⁶⁸ Kelly Field, *A Day in the Life of Virginia Foxx*, *The Chron. of Higher Educ.* (Dec. 22, 2016), <https://www.chronicle.com/article/a-day-in-the-life-of-virginia-foxx/?sra=true>; *The College Cost Re-*

Committee Democrats, although not opposed to holding institutions accountable for student outcomes, have significant concerns with the risk-sharing proposal as drafted in H.R. 6951. This model will encourage institutions to judge programs of study solely on their ability to provide immediate financial benefits to their graduates. Many essential programs of study such as education or social work, are obviously necessary but do not always have simple return on investment equations. Other programs, like many liberal arts programs, pay off for students, but on a longer time horizon than contemplated by the Republicans risk sharing scheme. The policy is also deeply worrying for under-resourced institutions and institutions that disproportionately serve low-income students and students of color, such as community colleges, HBCUs, and MSIs. Many scholars have expressed concern that without incorporating multiple dynamic metrics that take into account the demographics of students that institutions serve, the risk-sharing model will create perverse incentives for institutions to enroll high-income students who are most well situated to graduate and repay their student debt.⁶⁹ The bill does not include any mechanisms to address these concerns, nor does it contain anything requiring institutions or the federal government to measure potential effects of the policy. Committee Democrats support accountability frameworks that will incentivize institutions to effectively serve high-need students and ensure their degree completion, not proposals such as the one included in H.R. 6951 that has the potential to deny such students access to high-quality education.

Ultimately, the biggest concern for Committee Democrats is that Committee Republicans view the risk-sharing model as the sole accountability tool for institutions. Even if this model was successful, it does not provide accountability for other serious financial risks that unscrupulous institutions pose to students and taxpayers.

DEREGULATION

By far one of the most egregious components of H.R. 6951 is the complete dismantling of the existing federal accountability framework designed to protect students and taxpayers from waste, fraud, and abuse in higher education. The statutory and regulatory oversight mechanisms repealed in the bill are vital tools the Department of Education (Department) uses to ensure students get the full benefit of federal student aid through monitoring institutions that pose significant risks and penalizing such institutions accordingly.

90/10

Repealed under H.R. 6951, the 90/10 rule requires that for-profit institutions receive no greater than 90 percent of their revenue from federal aid. This provision was first established by Congress in the 1992 HEA reauthorization to prohibit for-profit entities from

duction Act Fact Sheet, H. Comm. on Educ. & the Workforce (Jan. 11, 2024), https://edworkforce.house.gov/uploadedfiles/1.11.24_h.r._6951_the_college_cost_reduction_act_fact_sheet_digital_final.pdf.

⁶⁹Ben Miller & Beth Akers, *Designing Higher Education Risk-Sharing Proposals* 19–23, Ctr. for Am. Prog. (May, 2017), (<https://www.americanprogress.org/wp-content/uploads/sites/2/2017/05/RiskSharingSynthesis-report.pdf>).

deriving the entirety of their revenue from the federal government.⁷⁰ Unscrupulous for-profit colleges have long preyed on vulnerable student populations to increase their revenue without providing these students a valuable education.⁷¹ In recent years, these institutions have increasingly preyed on veterans, since their G.I. Benefits did not count under the 90 percent cap.⁷² In 2021, Congress passed the *American Rescue Plan Act*, which included a bipartisan provision to close this loophole and prevent institutions from targeting veterans for their benefits.⁷³

Despite strong bipartisan support for closing this loophole,⁷⁴ Committee Republicans continue to argue that the 90/10 rule is another part of the Democratic “educational agenda” to “expand federal intervention at the expense of students and taxpayers.”⁷⁵ And it is worth noting that while Committee Republicans regularly claim to prioritize taxpayers, CBO estimated that a previous attempt by Republicans to repeal the 90/10 rule would have cost taxpayers \$2 billion over the 2018–2027 period.⁷⁶

Committee Democrats have witnessed the ongoing predatory behaviors of certain for-profit institutions, particularly with respect to veterans,⁷⁷ and are appalled by the removal of this bipartisan accountability framework in H.R. 6951. Congress has a responsibility to protect America’s veterans from being manipulated by the for-profit industry. At markup, Rep. Mark Takano (D–CA) offered an amendment to strike the repeal of the 90/10 rule. Rep. Takano also offered an amendment that would delay implementation of H.R. 6951 until the Department’s Office of the Inspector General (OIG), in consultation with the Department of Veterans Affairs OIG, certifies that implementation of the bill does not lead to fraud and abuse of veterans. Neither of these amendments were adopted and failed on a party-line vote.

Gainful Employment

The gainful employment (GE) rule, also repealed by H.R. 6951, sets a meaningful and necessary framework for the Department to enforce compliance with the statutory requirement under the HEA

⁷⁰ The original rule established in the 1992 HEA reauthorization had an 85/15 revenue split. *Id.*

⁷¹ Veterans Education Success, *Why For-Profit Schools are Targeting Veterans Education Benefits*, Vet. Ed. Success (Jan. 1, 2014), <https://vetsedsuccess.org/why-for-profit-institutions-are-targeting-veterans-education-benefits/>.

⁷² *Id.*

⁷³ American Rescue Plan Act, Pub. L. No: 117–2, 135 Stat. 4 (2021).

⁷⁴ Press Release, Sen. Tom Carper, On the Senate Floor, Carper Offers Bipartisan Amendment to Protect Student Veterans and Finally Close 90/10 Loophole (Mar. 6, 2021), <https://www.carper.senate.gov/newsroom/press-releases/on-the-senate-floor-carper-offers-bipartisan-amendment-to-protect-student-veterans-and-finally-close-90-10-loophole/>; American Rescue Plan Act, H.R. 1319, 117 Cong. (2021); Press Release, Vets. Ed. Success, Veterans Education Success Hails Closure of 90/10 Loophole (Mar. 6, 2021), <https://vetsedsuccess.org/veterans-education-success-hails-closure-of-9010-loophole/>.

⁷⁵ Press Release, H. Comm. on Educ. & Lab., Foxx: “Increasing Educational Opportunities and Supporting Veterans Should Not be a Partisan Issue” (Mar. 4, 2021), <https://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=407226>.

⁷⁶ H.R. Rep. No. 115–500, at 308 (2018).

⁷⁷ William Hubbard, *For-Profit Colleges Prey on Veterans—The Department of Education Must Say ‘No More’*, The Hill (Jan. 1, 2022), <https://thehill.com/opinion/education/589873-for-profit-colleges-prey-on-veterans-the-department-of-education-must-say/>; Arit John, *Veterans Burned by For Profit colleges Fight for Their Lost GI Bill Benefits*, L.A. Times (Apr. 17, 2023), <https://www.latimes.com/politics/story/2023-04-17/veterans-gi-bill-restoration-for-profit-schools#:~:text=For%20years%2C%20for%2Dprofit%20schools,as%20loans%20or%20Pell%20Grants.>

that vocational training programs prepare students for gainful employment. The GE rule helps ensure students are attending programs designed to support their postsecondary needs and prepare them to have good jobs in the workforce. The rule also saves significant money for taxpayers; analysis indicates that the Trump Administration's previous rescission of the GE rule risked losing roughly \$6.2 billion in taxpayer funds over ten years through Pell Grants and student loans flowing to low-quality programs that leave students with high levels of debt and low earnings.⁷⁸

Thankfully, in 2023, the Biden Administration released the strongest ever GE rule to protect students from low-quality training programs by establishing metrics related to high levels of debt and low post-completion earnings.⁷⁹ The Department estimates that 92 percent of public institutions and 97 percent of private non-profit institutions have no programs that fail the new GE rule.⁸⁰ Comparatively, despite for-profit institutions accounting for only 11 percent of GE programs, 55 percent of these institutions have at least one program of study that does not pass one of the two GE metrics, and nearly 90 percent of students in failing GE programs attend for-profit institutions.⁸¹ Due to the disproportionate level of failing programs at for-profit institutions, the Department estimates that as a consequence of the GE rule, there will be significant enrollment shifts from low-quality programs to programs at community colleges and HBCUs.

Committee Republicans have decried this rule as a "witch hunt" against for-profit institutions⁸² and continue to ignore the what the data clearly shows: low-quality for-profit programs will continue to bilk students and taxpayers unless they are held accountable for poor student outcomes. Rep. Wilson offered an amendment to strike the repeal of the GE rule, which was voted down along party-lines.

Borrowers Defense to Repayment

H.R. 6951 eliminates the current borrowers defense to repayment rule, a powerful legal tool providing loan forgiveness for borrowers who have been defrauded by colleges that engaged in certain instances of gross misconduct.⁸³ In 2022, the Biden Administration released a new borrowers defense regulation that establishes the strongest framework yet for borrowers to raise a defense to repayment if their institution has misled or harmed them.⁸⁴ Since pro-

⁷⁸ Program Integrity: Gainful Employment, 84 Fed. Reg. 31392, 31447, (Jul. 1, 2019) (codified at 34 C.F.R. 600 and 34 C.F.R. 668).

⁷⁹ Financial Value Transparency and Gainful Employment, 88 Fed. Reg. 70004, 70004–70193 (Oct. 10, 2023) (codified at 34 C.F.R. pt. 600 and 34 C.F.R. pt. 668).

⁸⁰ U.S. Dep't of Educ., *Biden-Harris Administration Announces Landmark Regulations on Accountability, Transparency & Financial Value for Postsecondary Students*, 4, Dept. of Educ. (2021), https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/gainful-employment-notice-of-final-review-factsheet.pdf?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=.

⁸¹ *Id.*
⁸² Press Release, H. Comm. on Educ. & the Workforce, New Regulations Fail to Protect Students and Taxpayers (May 17, 2023), <https://edworkforce.house.gov/news/documentSingle.aspx?DocumentID=409178>.

⁸³ The six grounds for a borrower defense charge as of 2023 are substantial misrepresentation, substantial omission of fact, breach of contract, aggressive and deceptive recruitment, judgment, and prior secretarial action. *See generally* U.S. Dep't of Educ., *Borrower Defense Loan Discharge* <https://studentaid.gov/manage-loans/forgiveness-cancellation/borrower-defense> (providing an overview of Borrower Defense process).

⁸⁴ U.S. Dep't of Education, *supra* note 63.

mulgating this rule, the Department has discharged more than \$14.8 billion in loans for over one million borrowers through borrowers defense.⁸⁵

While Committee Republicans paint the Department as being the “judge, jury, and executioner” of targeted debt relief such as borrowers defense,⁸⁶ it must be underscored that borrowers defense also helps recover significant amounts of cancelled loan amounts from institutions, which helps ensure taxpayers are not harmed by the gross misconduct of an institution.⁸⁷ While repealing this rule will make it extremely hard for defrauded students to receive loan discharges to which they are entitled, it will also allow disreputable schools to get away with their misconduct and leave taxpayers holding the bag. Committee Democrats remain committed to supporting students who have been defrauded by their institutions and, through no fault of their own, have not reaped the benefits of a higher education. Rep. Jayapal offered an amendment to strike the repeal of the borrowers defense to repayment rule. The amendment was not adopted and failed on a party-line vote.

Closed School Discharge

When institutions close precipitously, students are often left scrambling to try to transfer to another institution, and many do not ultimately transfer. The closed school discharge rule helps borrowers get a “fresh start” after a school closure by discharging student loans taken out at the closed school.⁸⁸ The Biden Administration strengthened the closed school discharge rule by providing an automatic loan discharge for all borrowers one year after the closure of their institution.⁸⁹ This rule is an essential backstop for students who were promised an education and a credential they never received through no fault of their own. H.R. 6951 will wrongfully remove this tool from defrauded borrowers, and Committee Republicans have produced no justification for its elimination. Rep. Kathy Manning (D–NC) offered an amendment to strike the repeal of the closed school discharge rule, but it was voted down along party-lines.

Incentive Compensation and Bundled Services Loophole

H.R. 6951 codifies what is known as the “bundled services loophole” for third-party servicers that are contracted to help institutions with recruitment efforts. In the 1992 reauthorization of the HEA, Congress adopted what is known as the “incentive compensation ban” to ensure that higher education recruiters and admissions counselors—especially those not employed directly by an institution—are not incentivized to take actions based on per-student

⁸⁵ Press Release, U.S. Dep’t of Educ., Biden-Harris Administration Approves \$72 Million in Borrower Defense Discharges for over 2,300 Borrowers who Attended Ashford University (Aug. 30, 2023), <https://www.ed.gov/news/press-releases/biden-harris-administration-approves-72-million-borrower-defense-discharges-over-2300-borrowers-who-attended-ashford-university>.

⁸⁶ Press Release, H. Comm. on Educ. & Lab., Foxx Reacts to Democrats’ PSLF Scheme (Oct. 6, 2021), <https://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=407766>.

⁸⁷ The Inst. for Coll. Access & Success, *What to Know about the Borrowed Defense to Repayment Rule*, https://ticas.org/files/pub_files/what_to_know_about_bd_factsheet.pdf (last visited on Feb. 7, 2024).

⁸⁸ U.S. Dep’t of Educ., Off. of Postsecondary Educ., *Issue Paper #2: Closed School Discharge*, (Oct. 2021), <https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/2closedchooldisc.pdf>.

⁸⁹ U.S. Dep’t of Education, *supra* note 63.

enrollment quotas.⁹⁰ The incentive compensation ban was instituted because of concerns that “schools were creating incentives for recruiters to enroll students who could not graduate or could not find employment after graduating.”⁹¹ Although there are a variety of third parties providing a range of services to schools with the best interest of students in mind, there is also a long history of unscrupulous actors in this space, and institutions are currently rethinking their partnerships with these entities.⁹²

In 2011, the Department issued additional guidance to clarify that the incentive compensation ban has an exception known as the “bundled services loophole” that allows for tuition revenue sharing between an institution and a third-party servicer on a per-student basis, so long as the third-party also offers a range of bundled services in addition to student recruiting.⁹³

In addition to serious questions regarding the legality of this bundled services guidance,⁹⁴ some higher education advocates have expressed concerns that the loophole also undermines the intent of the incentive compensation ban to safeguard students. For example, one organization notes that through codifying this concerning, outdated guidance, H.R. 6951 “creates a lucrative financial incentive for third-party companies to recruit students through predatory means, hiding behind the names of the postsecondary institutions with which they contract.”⁹⁵ Congressional Democrats continue to have concerns about this compensation structure,⁹⁶ and Committee Democrats are eager to see how the Biden Administration addresses these concerns as they begin conversations about incentive compensation.⁹⁷

⁹⁰ See Higher Education Amendments of 1992, Pub. L. 102–325, § 490(a)(3), (1992).

⁹¹ The Bundled Services Loophole: What Is it Good For? Absolutely Nothing, Nat’l Stud. Legal Def. Network (Mar. 2023), https://www.defendstudents.org/news/body/SD_Brief-Bundled-Services-Loophole9099.pdf; *Ass’n. of Priv. Sector Colls. and Univs. v. Duncan*, 681 F. 3d 427, 434 (D.C. Cir. 2012).

⁹² Tricia L. Naldolny & Chris Quintana, *Black Men were Offered a Second Change at College, Then the Pitfalls Piled Up*, USA Today (Jun. 28, 2023), <https://www.usatoday.com/in-depth/news/investigations/2023/06/01/morehouse-college-online-program-falls-short/70225028007/>; Paul Pastorek, *President Speaks: To Put Students First, Colleges Need to Rethink the OPM Model*, Higher Ed Dive (Dec. 12, 2022), <https://www.highereddive.com/news/president-speaks-university-arizona-global-campus-uagc-cut-ties-opm/638420/>; Matt Hamilton & Harriet Ryan, *USC Cut Ties to Controversial Online Degree Company 2U*, L.A. Times (Nov. 11, 2023), <https://www.latimes.com/california/story/2023-11-11/usc-cuts-ties-to-controversial-online-degree-company-2u>.

⁹³ “Program Integrity Questions and Answers—Incentive Compensation,” U.S. Dep’t of Educ., available at <https://www2.ed.gov/policy/highered/reg/hearulemaking/2009/compensation.html>.

⁹⁴ Letter from H. Comm. on Educ. & Lab. to Dept. of Educ. Sec’y Miguel Cardona (Dec. 2, 2022), available at https://democrats-edworkforce.house.gov/imo/media/doc/scott_deLauro_murray_warren_smith_letter_to_ed_re_online_program_managers.pdf; Natalie Schwartz, *Are Tuition-Share Agreements between Colleges and OPMS on Solid Legal Footing?*, Higher Ed Dive (Jun. 18, 2021), <https://www.highereddive.com/news/are-tuition-share-agreements-between-colleges-and-opms-on-solid-legal-footi/602051/>.

⁹⁵ Letter from Kelly McManus, Vice President of Higher Education, Arnold Ventures, to Rep. Foxx (Jan. 30, 2024), available at <https://craftmediabucket.s3.amazonaws.com/uploads/Arnold-Ventures-College-Cost-Reduction-Act-Letter-1-30-2024.pdf>.

⁹⁶ H. Comm. on Educ. & Lab., *supra* note 94; Natalie Schwartz, *Are Tuition-Share Agreements between Colleges and OPMS on Solid Legal Footing?*, Higher Ed Dive (Jun. 18, 2021), <https://www.highereddive.com/news/are-tuition-share-agreements-between-colleges-and-opms-on-solid-legal-footi/602051/>.

⁹⁷ Press Release, U.S. Dep’t of Educ., U.S. Department of Education Launches Review of Prohibition on Incentive Compensation for College Recruiters (Feb. 15, 2023), <https://www.ed.gov/news/press-releases/us-department-education-launches-review-prohibition-incentive-compensation-college-recruiters>.

Prohibition on Promulgating Regulations

H.R. 6951 prohibits the Secretary, and all future Secretaries, from implementing any substantially similar regulations to the repealed or revised regulations in the bill. This is another direct attack on the significant progress the Biden Administration has made to strengthen higher education regulations to protect students and taxpayers.⁹⁸ Throughout this Congress, Committee Republicans have touted the importance of accountability in higher education.⁹⁹ Yet, they have proposed to eliminate these protections and restrict future federal engagement on them without proposing a robust alternative accountability framework.

It cannot be understood that this extreme deregulation agenda will erode the integrity of the federal student aid system and signal that the federal government does not have the responsibility to protect students and taxpayers from waste, fraud, and abuse in higher education. Committee Democrats believe the existing accountability framework—augmented by the ongoing improvements by the Biden Administration—is an essential oversight mechanism for America’s students and taxpayers.

H.R. 6951 RADICALLY TRANSFORMS ACCREDITATION IN HARMFUL WAYS

H.R. 6951 makes sweeping reforms to the higher education accreditation process. In general, these reforms provide ill-informed flexibilities to both institutions and accreditors which will erode the quality of education, insert politics and culture wars into accreditation, and put higher education on a path towards nothing more than glorified job training. Due to all of these concerning accreditation provisions, Committee Democrats expressed deep concerns with this section of H.R. 6951 and Reps. Hayes and Adams offered an amendment to rescind these policies. However, this amendment was defeated on a party-line vote.

ACCREDITATION TRANSPARENCY

H.R. 6951 provides one positive accreditation policy: it establishes a set of reforms that improve clarity and transparency for accreditors and the accreditation process. Specifically, it requires accreditors to develop guidelines to eliminate conflicts of interest

⁹⁸ Press Release, U.S. Dep’t of Educ., Biden-Harris Administration Releases Final Rules that Strengthen Accountability for Colleges and Consumer Protection for Students (Oct. 24, 2023), <https://www.ed.gov/news/press-releases/biden-harris-administration-releases-final-rules-strengthen-accountability-colleges-and-consumer-protection-students#:~:text=The%20final%20rules%20add%20several,requiring%20adequate%20career%20services%3B%20and>; Press Release, U.S. Dep’t of Educ., Biden-Harris Administration Announces Landmark Final Rules to Protect Consumers from Unaffordable Student Debt and Increase Transparency (Sep. 27, 2023), <https://www.ed.gov/news/press-releases/biden-harris-administration-announces-landmark-final-rules-protect-consumers-unaffordable-student-debt-and-increase-transparency>; Press Release, U.S. Dep’t of Educ., Final Regulations: Borrower Defense to Repayment, Pre-dispute Arbitration, Interest Capitalization, Total and Permanent Disability Discharges, Closed School Discharges, Public Service Loan Forgiveness, and False Certification Discharges (Nov. 1, 2022), <https://fsapartners.ed.gov/knowledge-center/library/federal-registers/2022-11-01/final-regulations-borrower-defense-repayment-pre-dispute-arbitration-interest-capitalization-total-and-permanent-disability-discharges-closed-school-discharges-public-service-loan-forgiveness-and>.

⁹⁹ *Lowering Costs and Increasing Value for Students, Institutions, and Taxpayers*, Hearing Before the Subcomm. on Higher Educ. & Workforce Development of the H. Comm. on Educ. & the Workforce, 118th Cong. (2023).

within accrediting boards or governing bodies. Further, it prohibits conflicts of interest on the National Advisory Committee on Institutional Quality and Integrity (NACIQI). One analysis showed that as of 2019, six of the fourteen primary accrediting agencies have at least two members serving in board positions with “direct links to colleges, suggesting that they lack the necessary independence” needed to serve as an independent reviewer.¹⁰⁰ The transparency policies in H.R. 6951 will ensure that education executives who lobby for their industry cannot also oversee the development of quality standards for institutions or accreditors; this recognition of conflict against the greater public interest will surely improve the credibility and integrity of the accreditation process.¹⁰¹

Regrettably, the rest of the accreditation provisions in the bill are significantly concerning. They neither improve the ability of accreditors to make determinations of institution quality, nor have any apparent effect on college costs; their inclusion poisons otherwise thoughtful accreditation reforms.

UNTESTED PATHS TO ACCREDITATION AND TITLE IV AID

H.R. 6951 establishes several alarming accelerated paths to recognition for prospective accreditors and new paths for low-quality education providers to receive Title IV aid *without* accreditation. First, the bill allows states to designate their own accrediting bodies to focus on specific workforce needs. While this sounds viable in theory, it is unclear if states have the capacity to implement this, given their significantly low financial and personnel resources.¹⁰² It would also make it easier for low-quality third-party entities to mask themselves as accreditors without the Secretary having the ability to provide robust oversight of the accreditation they provide.¹⁰³

Second, H.R. 6951 creates an accelerated path to recognition for accreditors at both the program and institutional levels, allowing untested prospective accreditors to gain recognition without adequately proving their ability to evaluate institutions or programs. This new process will make it easier for untested accreditors to provide lower quality oversight of accreditation at the institutional level, creating a loophole for underperforming institutions to evade accountability and remain eligible to receive federal student aid.¹⁰⁴

Third, the bill establishes an Experimental Site Initiative for non-accredited education providers to access Title IV aid. Full aid access by unaccredited education providers presents a serious risk to students and taxpayers. There are nearly 60,000 non-Title IV eligible providers,¹⁰⁵ approximately 12 times more than the number

¹⁰⁰ Ben Miller, *Bolstering the Public Voice in Accreditation*, Ctr. for Am. Prog. (Jun. 6, 2019), <https://www.americanprogress.org/article/bolstering-public-voice-accreditation/>.

¹⁰¹ Robert Shireman, *Good and Bad in the Republican Higher Education Package, Accreditation Edition*, The Century Found. (Jan. 29, 2024), <https://tcf.org/content/commentary/good-and-bad-in-the-republican-higher-education-package-accreditation-edition/>.

¹⁰² Angela Boatman & Katrina Borowiec, *State Authorization for Short-Term Career-Oriented Credentials: Evidence from Five States*, SHEEO (Jul. 2021), https://sheeo.org/wp-content/uploads/2021/08/Boatman_Borowiec.pdf.

¹⁰³ Kelly McManus, *supra* note 95.

¹⁰⁴ Letter from Third Way to the U.S. Dep’t. of Educ. Sec’y Miguel Cardona (Jan. 9, 2024), available at <https://www.thirdway.org/letter/letter-to-the-department-of-education-on-accreditation-rulemaking>.

¹⁰⁵ Press Release, Credential Engine, *Credential Confusion: New Report Identifies More Than One Million Credentials Offered in the U.S. across a Maze of Nearly 60,000 Providers* (Dec. 7,

of institutions currently participating in the Title IV federal student aid program. Although the Experimental Site Initiative would not immediately expand access to all 60,000 of these providers, this Initiative signals a concerning shift in higher education policy through the devaluing of accreditor oversight. Allowing federal aid to be granted to unaccredited entities without requiring these entities to meet the minimum requirements set forth by Congress, the Department, and accreditors, opens the door to bad actors enticing students to waste their time and money on unvetted, poor-quality education programs. A similar pilot program approved under the Trump Administration highlighted significant concerns with this approach to Title IV access.¹⁰⁶ The pilot allowed institutions to partner with non-institutional providers and permitted said providers to access Title IV aid. The pilot raised serious concerns of which Congress should take note: one participating institution had to settle with students for fraud and misrepresentation, another institution closed precipitously, and many institutions charged unfounded premiums for low-income students to enroll in programs offered in partnership with the non-institutional provider.¹⁰⁷ There is no room for more unscrupulous actors in the Title IV program, and Congress should erecting bars to the access, not flinging the doors open for them.

These new pathways to federal recognition and Title IV aid will create a hotbed of poorly regulated, low-quality programs. In conjunction with the gutting of program integrity regulations, these policies will significantly increase the potential for waste, fraud, and abuse in the Title IV program, yet again.¹⁰⁸

CULTURE WARS

H.R. 6951 further modifies requirements HEA places on federally recognized accrediting agencies, in ways that seriously hamper their ability to be effective arbiters of academic quality in higher education. Current law mandates operating procedures that any accrediting agency seeking federal recognition must follow when making determinations of school or program quality.¹⁰⁹ The procedures currently mandated by HEA are designed to ensure accreditors are monitoring schools in a timely and common sense fashion to ensure quality. This includes conducting ad hoc supervision as needed when schools create new programs or expand to new campuses, ensuring schools have policies around the transfer of credit that students are aware of, and that schools have plans

2022), <https://credentialengine.org/2022/12/07/credential-confusion-new-report-identifies-more-than-one-million-credentials-offered-in-the-u-s-across-a-maze-of-nearly-60000-providers/>.

¹⁰⁶ Off. of Educ. Tech., *Educational Quality through Innovated Partnerships (EQUIP)*, U.S. Dep't. of Educ., <https://tech.ed.gov/equip/> (last visited on Feb. 7, 2024).

¹⁰⁷ Press Release, N.Y. State A.G. Eric Schneiderman, A.G. Schneiderman Announces \$375,000 Settlement with Flatiron Computer Coding School for Operating Without a License and for Its Employment and Salary Claims (Oct. 13, 2017), <https://ag.ny.gov/press-release/2017/ag-schneiderman-announces-375000-settlement-flatiron-computer-coding-school>; Doug Lederman, *Market Changes, Missteps and Maylhurst's Closure*, IHE (May 29, 2018), <https://www.insidehighered.com/digital-learning/article/2018/05/30/universitys-closure-and-its-implications-online-learning-adult>.

¹⁰⁸ Robert Shireman, *The For-Profit College Story: Scandal, Regulate, Forget*, The Century Found. (Jan. 24, 2017) <https://tcf.org/content/report/profit-college-story-scandal-regulate-forget-repeat/>.

¹⁰⁹ Higher Education Act of 1965, § 496, 20 U.S.C. 1099b.

in place to support students completing their education in the event of loss of accreditation.¹¹⁰

The bill adds a “Prohibition on Litmus Tests” under which accrediting agencies must confirm that they do not require or entice a school to take a stance on any “specific partisan, political, or ideological viewpoint or belief or set of such viewpoints and beliefs.”¹¹¹ At markup and in their supporting materials,¹¹² Committee Republicans claimed this provision removes politics from academic considerations of school quality, highlighting one particular field in general, diversity, equity, and inclusion.

Diversity, Equity, and Inclusion (DEI) programs on college campuses are programs designed with the recognition that most college campuses are currently serving students from demographics they were not initially designed to serve. While no two DEI programs are identical, The Century Foundation has provided a broad definition of the three key terms as they are used in practice on college campuses.

Diversity refers to the range of different identities within a particular space, whether it is based on race, gender identification, sexual orientation, or other factors; organizations seeking diversity value having a community that represents humanity across the full range of identities. Equity refers to the allocation of an adequate amount of attention and/or resources toward each identity to ensure that all groups can reach a similar outcome; an organization seeking equity would counter a community member’s disadvantage by allocating more resources and support toward that person. Finally, inclusion refers to an organization’s policies that ensure its overall culture is welcoming to all identities; an organization seeking inclusion could create rules for conducting meetings or guidelines for what would be considered inappropriate conversations . . . DEI programs in colleges and universities aim to create a campus culture that values and celebrates all students’ diverse life experiences and cultural backgrounds. The central values of DEI are to ensure equal access to success in higher education and provide extra resources to specific populations to achieve success standards similar to their peers. Universities must provide adequate resources and tools for students from different backgrounds to excel, considering historical circumstances that often hindered their access to higher education. In short, DEI programs strive to foster an inclusive and equitable educational environment for all students.¹¹³

Republicans have not wasted a chance to denounce DEI initiatives in industry, governmental, and educational settings. For example, the ruling in the Harvard and UNC affirmative action cases—in no way related to DEI—has been used as pretext for

¹¹⁰ *Id.*

¹¹¹ H.R. 6951, § 311(c)(5).

¹¹² H. Comm. on Educ. & the Workforce, *supra* note 36.

¹¹³ Jordan Nellums, *Universities Need to Mount and Offensive for Diversity, Equity, and Inclusion*, The Century Found., Aug. 17, 2023, <https://tcf.org/content/commentary/universities-need-to-mount-an-offensive-for-diversity-equity-and-inclusion/>.

many Republicans to declare all DEI initiatives unconstitutional. Thirteen Republican state attorneys general wrote a joint letter to the CEOs of the Fortune 100 companies stating that “diversity, equity, and inclusion” (DEI) efforts may amount to “overt and pervasive racial discrimination . . . [that] violates both state and federal law”.¹¹⁴

The bill’s “litmus test” provision also prohibits an accrediting agency from requiring, encouraging, or coercing schools to “support or commit to supporting the disparate treatment of any individual on the basis of any protected class under Federal civil rights law, except as required by Federal law or a court order”.¹¹⁵ This statement only makes sense in a world where one believes DEI programs result in such disparate treatment, as opposed to what they actually do, aim to make campuses welcoming environments for all students.

In a recent article examining this issue, the Chronicle of Higher Education found that while accreditors are examining college DEI policies as part of their assessment, that examination is largely focused on determining *whether schools are living up to what the universities themselves are claiming they are doing*.¹¹⁶ Focusing on Cal Lutheran, a school whose accreditor raised concerns around their treatment of faculty of color (30% of the school’s instructional staff) and outcomes measures for varying student populations, the school’s President was quoted as saying they were not taking action “. . . because [the accreditor] says we have to, . . . [W]e’re doing it because it’s the right thing to do and it’s mission-driven.”¹¹⁷

Absent any evidence that accreditors are denying schools accreditation based on DEI policies, Committee Democrats believe the litmus test provision’s desired effects are two-fold. First, accreditors will be dissuaded from making any assessment of what a school purports to do in the field of DEI. This will allow schools to stand up Potemkin DEI policies that promise an institutional focus on creating a campus welcoming to all, knowing full well their accreditor will not actually hold them accountable for these policies.

Republicans have long sought to politicize the academy, blurring the lines between academic theory, research, scientific method, political viewpoints, and belief.¹¹⁸ H.R. 6951 is the capstone of this effort, by inserting this blurring of lines directly into the assessment of academic quality of a school’s programs itself. Any aca-

¹¹⁴Letter from Kris Kobach, Atty. Gen. of Kan. & 12 other State Attys. Gen. to the CEOs of the Fortune 100 Companies (July 13, 2023), <https://ago.mo.gov/docs/default-source/press-releases/corporate-racial-discrimination-multistate.pdf>.

¹¹⁵H.R. 6951, § 311(c)(5).

¹¹⁶Eric Kelderman, *The New Accountability: How accreditors are measuring colleges’ diversity, equity, and inclusion efforts*, The Chron. of Higher Educ., Apr. 3, 2023, <https://www.chronicle.com/article/the-new-accountability> (“Today, six out of the seven major institutional accreditors are developing ways to assess how colleges serve historically underrepresented students, by examining institutions’ mission statements, the disparate outcomes between white students and students of color, the diversity of their faculties, and testimonies of community members about discrimination they face at the colleges.”).

¹¹⁷*Id.*

¹¹⁸*E.g.*, Luke Jones, *Ohio bill would ban colleges from discussing diversity, climate change*, WKRC, May 8, 2023, <https://dayton247now.com/news/local/ohio-bill-would-ban-colleges-discussing-diversity-climate-change-senate-bill-sb-83-controversial-topics-banned-public-private-universities-schools-inclusion-equity-illegal-topics-chinese-government-schools-cincinnati-ohio>; Columbia L. Sch., Sabin Ctr. for Climate Change L., *Silencing Science Tracker*, <https://climate.law.columbia.edu/content/silencing-science-tracker>.

demic discipline that includes a “controversial” view could be one that accreditors fear assessing less they run afoul of the litmus test provision. Accreditors are further refrained from assessing an institution or program of study’s commitment to any ideology, belief, or viewpoint. For example, if H.R. 6951 became law, would a program accreditor, in assessing the quality of a university environmental science program, be forced to ignore that the program banned the teaching of the consensus scientific belief that man-made climate change is real because it was seen as “political” or merely a “viewpoint”? The litmus test provision will result in a chilling effect setting in among accreditors, scaring them from taking an honest look at a school’s claims as to its mission or the quality its programs if they waded into waters that could be considered “controversial”.

In a final insult to the difficult pursuit of assessing academic quality, H.R. 6951 prohibits accreditors from “assessing the roles (including actions or statements) of elected and appointed State and Federal officials and legislative bodies. This provision may as well be called the “DeSantis Derecognition” loophole”. Upon reelection in 2022, Florida Governor Ron DeSantis took several steps to “reform” higher education in Florida, taking dead aim at the New College of Florida, a small long-acclaimed public liberal arts college to be a “beacon of conservatism”.¹¹⁹ If H.R. 6951 became law, an accreditor reviewing New College in a few years, could not assess the undeniably obvious role of state political actors in substantially remaking the college’s academic offerings. Similarly, if a school had a DEI policy in place that it was forced to remove due to a state law, the accreditor could not take the role of the state legislature into account in determining whether the change resulted in decreased academic quality at the school.

RELIGIOUS INSTITUTIONS

Religiously affiliated institutions of higher education have been a part of our nation since its early beginnings.¹²⁰ Data from IPEDS shows that during the 2022–2023 Academic Year, 14.5 percent of U.S. institutions of higher education were religiously affiliated.¹²¹ And though the number of higher education institutions fell by 14.4 percent from 2010 to 2020 due in part to enrollment declines of almost 10%, the number of religiously affiliated institutions fell only 3.3% during this same time period.¹²²

Under current law, accreditors must consistently apply and enforce standards that respect an institution’s mission, including its religious mission, by basing decisions only on the standards of accreditation.¹²³ Current regulations also prevent an accreditor from using policies of an institution that reflect the institution’s religious mission as a negative factor in meeting certain required stand-

¹¹⁹ Patricia Mazzei, *Desantis’s Latest Target: A Small College of ‘Free Thinkers’*, N.Y. Times, Feb. 14, 2023, <https://www.nytimes.com/2023/02/14/us/ron-desantis-new-college-florida.html>.

¹²⁰ Jessica Rose Daniels & Jacqueline N. Gustafson, *Faith-Based Institutions, Institutional Mission, and the Public Good*, 6 Higher Learning Research Communities, <https://files.eric.ed.gov/fulltext/EJ1132798.pdf> (last visited on Feb. 12, 2024).

¹²¹ U.S. Dep’t of Educ., Integrated Postsecondary Education Data System (IPEDS), Data Collection 2022 for Title IV-participating IHEs with a Religious affiliation.

¹²² Ricardo Azziz, *Are Faith-Based Colleges in Trouble? It Depends.*, Higher Ed Dive (Aug. 14, 2023), <https://www.highereddive.com/news/are-faith-based-colleges-in-trouble-it-depends/690597/>.

¹²³ 20 U.S.C. § 1099b(a)(4); 34 C.F.R. §§ 600.18(a)–(b)(3).

ards.¹²⁴ Further, current law provides that, in the rare event that a religiously affiliated institution loses its accreditation due to its religious mission and not due to other accreditation criteria, the Secretary is required to continue the religious institution's eligibility for Title IV funding until such time that the institution can obtain alternative accreditation.¹²⁵

Against this backdrop, H.R. 6951 broadens protections afforded to religious institutions of higher education in the accreditation process and creates a special complaint procedure for these institutions in a way that Committee Democrats believe demeans and degrades the whole notion of accreditation. Specifically, H.R. 6951 broadly defines religious mission to encompass all policies or practices related to religious tenets and beliefs, including as they relate to its policies and practices with respect to housing, employment, curriculum, self-governance, and student enrollment. This significantly expands the definition of religious mission beyond what exists in regulation as promulgated by the Trump administration in 2019,¹²⁶ which rejected this expansive approach proposed by Committee Republicans in the 115th Congress in H.R. 4508, *Promoting Real Opportunity, Success, and Prosperity through Education Reform Act*, in 2018.¹²⁷ H.R. 6951 goes even further providing that an accreditor may require a religious institution's program of study to include all core components required but *only* if those requirements are not inconsistent with the institution's religious mission. This contrasts with regulatory requirements, as promulgated by the Trump administration, which allow accreditors to require that an institution's curricula include all core components required by the agency *without* exception.¹²⁸ Taken together, the provisions in H.R. 6951 swallow the entirety of the institution under the definition of religious mission to effectively prevent any meaningful oversight by accreditors of the institution's program of study.

H.R. 6951 also creates an accreditation complaint procedure available *solely* to religious institutions and establishes that it is "insufficient proof" for an accreditor to offer a defense that it was applying a neutral and generally applicable rule in taking an adverse action against a religious institution. As a result, H.R. 6951 creates, in effect, a sweeping exemption for religious institutions from accreditation, thereby allowing them to skirt accreditation standards that apply to all other institutions.¹²⁹ These policies do a disservice to students at religiously affiliated institutions who will have no way to know whether their program of study truly meets accreditation standards.

¹²⁴ 34 C.F.R. § 602.18(b)(3).

¹²⁵ 20 U.S.C. § 1099b(k). It should be noted that religiously affiliated institutions also have the option to seek accreditation from a religious accrediting body if that more appropriately meets their needs. See Online Christian Colleges, *Do Christian Colleges Have the Same Accreditation Process as Public Colleges?*, OCC, <https://www.onlinechristiancolleges.com/faq/do-christian-colleges-have-the-same-accreditation-process-as-public-colleges/> (last visited Feb. 9, 2024).

¹²⁶ See 34 C.F.R. § 600.2 (defining religious mission as "[a] published institutional mission that is approved by the governing body of an institution of postsecondary education and that includes, refers to, or is predicated upon religious tenets, beliefs, or teachings.").

¹²⁷ *Promoting Real Opportunity, Success, and Prosperity through Education Reform Act*, H.R. 4508, 115th Cong. (as reported by the Committee on Education and the Workforce, Feb. 8, 2018).

¹²⁸ 34 C.F.R. § 600.18(b)(3).

¹²⁹ Shireman, *supra* note 101.

In summation, H.R. 6951 goes far beyond the current statute and regulations, which ensure accreditors respect the missions of institutions while still preserving the important function of accreditors to confirm that programs of study meet stated standards. Since religious institutions are currently able to execute the requirements of the law to meet accreditation standards while maintaining their religious identities, the provisions in H.R. 6951 are a solution in search of a problem.

STUDENT SUCCESS

Evidence shows that additional spending for student support services or programs can improve graduation rates.¹³⁰ Student success programs consist of support such as academic advising, financial help, career coaching and other assistance to aid students in their degree completion.¹³¹ The establishment of student success programs and initiatives are essential to addressing the challenges and barriers students face today. This is critical for colleges and universities seeking to serve students coming from challenging circumstances.¹³² Some of the obstacles noted by these students to campus success include the lack of effective communication to them, limited availability of resources and services on-campus, and lack of mentorship between students and faculty.¹³³ The removal of barriers to student success should be a priority for all colleges and universities to help ease the burden for students as they work towards degree completion. While H.R. 6951 attempts to address several areas impacting student success and despite a few areas of agreement, this bill still falls short of providing significant support to students.

POSTSECONDARY STUDENT SUCCESS

H.R. 6951 codifies Postsecondary Student Success Grants (PSSG), a program currently funded¹³⁴ under the Fund for the Improvement of Postsecondary Education (FIPSE)¹³⁵. As currently administered, it is “designed to equitably improve postsecondary student outcomes, including retention, transfer (including successful transfer of completed credits), credit accumulation, and comple-

¹³⁰ See, e.g., Douglas A. Webber & Ronald Ehrenberg, *Do Expenditures Other than Instructional Expenditures Affect Graduation and Persistence Rates in American Higher Education?*, 29 Econ. of Educ. Rev. 947, 947–49 (Dec. 2010) (“Our most important finding is that student service expenditures influence graduation and persistence rates and their marginal effects are higher for students at institutions with lower entrance test scores and higher Pell Grant expenditures per student.”).

¹³¹ See e.g. The Inst. for Stud. Access and Success, *Comprehensive Approaches to Student Success Programs (CASS) Key Lessons for State Policymakers*, 1 (2021), <https://ticas.org/wp-content/uploads/2021/02/Comprehensive-Approaches-to-Student-Success-Programs-fact-sheet.pdf>.

¹³² Libing Wang, *Equity, Inclusion, and the Transformation of Higher Education*, UNESCO (Oct. 31, 2023), <https://www.unesco.org/en/articles/equity-inclusion-and-transformation-higher-education>.

¹³³ Ashley Mowreader, *Report: How Students See Their College Experiences*, IHE (Jan. 31, 2024), <https://www.insidehighered.com/news/student-success/college-experience/2024/01/31/students-share-barriers-success-college>.

¹³⁴ Though there is no current authorization for the PSSG, Congress first provided funds for the program in fiscal year (FY) 2022 appropriations and provided additional funding for FY 2023. Consolidated Appropriations Act, Pub. L. No. 117–103, 136 Stat. 49 (2022); Consolidated Appropriations Act, Pub. L. No. 117–328, 136 Stat. 4459 (2023). Additional funding awards can be found on the Department of Education’s website here: <https://www2.ed.gov/programs/pssp/awards.html>.

¹³⁵ 20 U.S.C. § 1138.

tion, by leveraging data and implementing, scaling, and rigorously evaluating evidence-based activities to support data-driven decisions and actions by institutional leaders committed to inclusive student success.”¹³⁶ Currently, PSSG is funded at \$45 million,¹³⁷ which is the authorization level in the bill.

It is worth noting, however, that the bill eliminates four unfunded FIPSE programs that had the potential to assist school in student success planning, support single-parent students promote green construction on campuses, and provide scholarship support for family members of veterans and active-duty military members. As these programs have never received sustained funding, striking them from law does not save taxpayers money. Similarly, the bill eliminates the currently inactive FIPSE governing board.

Committee Democrats support the codification of the PSSG. It is also worth noting that Congressional Democrats included \$500 million for “Retention and Completion” grants, a similar program to PSSG, in the Build Back Better Act in the 117th Congress.¹³⁸

CREDIT TRANSFER REFORMS

Committee Democrats were pleased to see that H.R. 6951 includes the bipartisan *Reverse Transfer Efficiency Act*, introduced by Reps. Joe Neguse (D-CO) and John Curtis (R-UT), which amends the *Family Education Rights and Privacy Act* (FERPA) to allow institutions to release education records to another institution to facilitate awarding students with credentials for previous education they have completed.¹³⁹ This equity-centered policy will ensure students who have not completed their bachelor’s degree can receive associate-level credentials they have deserved through completed coursework. This policy has significant bipartisan, bicameral support.¹⁴⁰

H.R. 6951 requires institutions participating in Title IV programs to publicly disclose their transfer of credit policies. This transparency is welcome, but concerning, it also prohibits institutions participating in Title IV programs from denying credits earned at other institutions solely based on the transferring institution’s accreditor. While policy disclosures are beneficial, the prohibition removes the flexibility for institutions to determine if transfer students have received quality education aligned with their standards.¹⁴¹ This will be particularly concerning when institutions have no mechanism to reject credits provided by low-quality for-profit or unaccredited institutions. Committee Democrats be-

¹³⁶ U.S. Dep’t of Educ., Postsecondary Student Success Program, <https://www2.ed.gov/programs/pssp/index.html> (last visited on Feb. 12, 2024).

¹³⁷ Explanatory Statement on Appropriations Act 2023, 160, Sen. Comm. on Appropriations, <https://www.appropriations.senate.gov/imo/media/doc/Division%20H%20-%20LHHS%20Statement%20FY23.pdf> (last visited Feb. 12, 2024).

¹³⁸ Inflation Reduction Act of 2022, Pub. L. No. 117–169, § 791.

¹³⁹ Press Release, Rep. Joe Neguse, Rep. Neguse and Bipartisan Lawmakers Introduce Legislation to Help Students Receive a Degree or Certificate (Jun. 22, 2023), <https://neguse.house.gov/media/press-releases/rep-neguse-andbipartisan-lawmakers-introduce-legislation-help-students>.

¹⁴⁰ Press Release, Sen. Warner, Senators Introduce Bicameral, Bipartisan Bill to Help Students ‘Reverse’ Transfer Credits from Four-Year Universities to Community Colleges (Jul. 19, 2021), <https://www.warner.senate.gov/public/index.cfm/2021/7/senators-introduce-bicameral-bipartisan-bill-to-help-students-reverse-transfer-credits-from-four-year-universities-to-community-colleges>.

¹⁴¹ Mark Becker, *supra* note 20.

lieve the better approach to strengthen transfer pathways is through leveraging credit articulation agreements between schools, which creates alignment of credits across institutions and provides students with clear, standardized information during the transfer process.¹⁴²

CONCERNS FROM THE HIGHER EDUCATION COMMUNITY

In the months since the Committee considered H.R. 6951, the higher education community has had the opportunity to analyze the potential impact of the proposed policies, and the conclusions signal a dark future for both college affordability and consumer protections.

Despite stakeholders' expressed interest in some of the bipartisan provisions of the bill, stakeholders were not supportive of how drastic H.R. 6951 alters the federal student aid landscape. For example, the American Council on Education (ACE) conducted analysis that found severe flaws in the proposed risk-sharing policy, with an estimated \$1.6 billion being taken away from institutions, despite the infusion of PROMISE grant funds.¹⁴³ ACE anticipates that the risk-sharing proposal would be "most consequential for institutions that enroll higher percentages of low-income students."¹⁴⁴ The Association of Public and Land Grant Universities (APLU) also expressed concerns that institutions in states with low state appropriations for higher education would also be disproportionately harmed by risk-sharing.¹⁴⁵

Further, an analysis by The Institute for College Access and Success (TICAS) found that the proposed repayment plan changes in H.R. 6951 would drastically increase payments for borrowers, require borrowers to pay more in total than under current IDR plans, and force borrowers to remain in repayment longer than current IDR plans.¹⁴⁶ TICAS analysis shows that an average borrower who graduated with a bachelor's degree would have a monthly payment nearly triple what it would be under the SAVE plan, and an average borrower who did not complete their bachelor's degree would pay nine times as much over the lifetime of their loan compared to the SAVE plan.¹⁴⁷

The American Association of Universities (AAU) also expressed significant apprehension about capping financial aid at the median cost of college because the "change would . . . limit access for many students, particularly low income students, who may not have the financial capacity to make up additional costs beyond borrowing limits. Median costs may [also] not cover the most suitable or highest quality program for any given student."¹⁴⁸ By elimi-

¹⁴² Seth Marc Kamen et al., Guide to Best Practices: Articulation Agreements, AACRAO, https://www.aacrao.org/docs/default-source/signature-initiative-docs/trending-topic-docs/transfer/aacrao-articulation-agreement-final_aacraocover.pdf (last visited on Feb. 12, 2024).

¹⁴³ Ted Mitchell, *supra* note 25.

¹⁴⁴ *Id.*

¹⁴⁵ Mark Becker, *supra* note 20.

¹⁴⁶ Michele Shepard & Ellie Bruecker, House Republicans' Proposed Student Loan Repayment Plan Would Increase Costs for Borrowers, TICAS (Feb. 21, 2024), <https://ticas.org/affordability-2/house-republicans-proposed-student-loan-repayment-plan-would-increase-costs-for-borrowers/>.

¹⁴⁷ *Id.*

¹⁴⁸ Letter from Barbara Snyder, President, Assoc. of Am. Univs., to Speaker Johnson & Minority Leader Jeffries (June 18, 2024), available at <https://www.aau.edu/key-issues/aau-submits-letter-opposition-hr-6951-college-cost-reduction-act>.

nating the SAVE plan and capping federal student aid, low-income students would face serious challenges affording higher education if H.R. 6951 were enacted.

Consumer protection advocates are also very worried about the impact of repealing basic student and borrower protections that have widespread support. For example, TICAS argues the mass repeal of consumer protection regulations “would undo years of progress and bipartisan effort to prevent fraud and hold colleges accountable.”¹⁴⁹ Arnold Ventures also emphasizes that this repeal undermines the goal of H.R. 6951 to “improve student outcomes and leave[s] students vulnerable to waste, fraud and abuse.”¹⁵⁰

These concerns expressed across the higher education community are underscored by an alarming analysis from the nonpartisan Congressional Budget Office (CBO), which confirms that H.R. 6951 would make drastic, long-lasting cuts across higher education. The CBO estimates the bill would eliminate \$185.5 billion in higher education spending, including over \$153 billion of cuts to federal student aid alone.¹⁵¹ That means fewer resources to students who need support to attend college. However, H.R. 6951 would increase taxpayer spending on proven low-quality educational programs that have poor outcome or utilize predatory practices. Through the repeal of the gainful employment and financial transparency regulations, taxpayers would be on the hook for \$9.1 billion of federal student aid going towards programs that do not adequately prepare students for the workforce.¹⁵² Further, the repeal of the bipartisan 90/10 rule that protects veterans from fraud would increase taxpayer spending by \$2 billion.¹⁵³ Through these analyses, it is clear that Republicans’ plan to reduce the cost of college would actually make it more difficult for low-income students to afford high-quality higher education.

DEMOCRATIC AMENDMENTS OFFERED DURING MARKUP OF H.R. 6951

In total, Committee Democrats put forward 31 amendments to improve the bill. Committee Republicans touted H.R. 6951 as a bill that would provide meaningful initiatives to support college student completion.¹⁵⁴ Unfortunately, Committee Republicans also rejected several proposals that would do exactly that. In addition to the amendments described above, Democrats offered additional amendments, including amendments to support students with disabilities, support on-campus child care, provide federal aid to students of the Northern Mariana Islands and American Samoa, and protect comprehensive healthcare—all of which would assist in improving student college completion. Committee Democrats reiterate that we stand ready to partner with Committee Republicans make meaningful strides to implement evidence-based strategies to increase higher education student success for all students.

¹⁴⁹ Press Release, TICAS, The College Cost Reduction Act Would Make Higher Education Riskier and Loans Less Affordable (September 5, 2024), <https://ticas.org/affordability-2/the-college-cost-reduction-act-would-make-higher-education-riskier-and-loans-less-affordable/>.

¹⁵⁰ Kelly McManus, *supra* note 95.

¹⁵¹ Congressional Budget Office, H.R. 6951, College Cost Reduction Act, <https://www.cbo.gov/system/files/2024-05/hr6951.pdf>.

¹⁵² *Id.* at 12.

¹⁵³ *Id.* at 12.

¹⁵⁴ H. Comm. on Educ. & the Workforce, *supra* note 68.

Amend- ment	Offered By	Description	Action Taken
#1	Ms. Hayes	Doubles the Pell grant and allows students who receive federal benefits (SNAP, Medicaid) to automatically qualify for the maximum Pell award and receive an additional award of up to \$1,500 above the maximum Pell.	Defeated
#2	Mr. DeSaulnier	Increases the semesters of eligibility for Pell Grants from 12 semesters to 18 semesters.	Defeated
#3	Ms. Stevens	Allows students to use Pell grants for their post-grad education and expands their life-time Pell eligibility.	Defeated
#4	Ms. Wilson	Expands access to subsidized loans and improves loan rehabilitation.	Defeated
#5	Mr. Courtney	Adds reforms to streamline and improve the Public Service Loan Forgiveness Program.	Defeated
#6	Mr. Scott	Lower the interest rates on all student loans by tying rates to the federal 10-year treasury note with a cap at 5 percent. Also allows borrowers to refinance their old loans to access better interest rates.	Defeated
#7	Ms. Leger-Fernandez	Strikes PROMISE and replaces with America's College Promise Act.	Defeated
#8	Mr. Takano	Strikes the repeal of the 90/10 and the bipartisan 90/10 veterans loophole fix.	Defeated
#9	Ms. Wilson	Strikes the repeal of gainful employment	Defeated
#10	Ms. Manning	Strikes the repeal of the Biden Administration's Changes in Ownership rule.	Defeated
#11	Ms. McBath	Strikes the repeal of Closed School Discharge Rule.	Defeated
#12	Ms. Jayapal	Strikes repeal of borrower's defense.	Defeated
#14	Ms. Omar	Reauthorizes the CCAMPIS program.	Defeated
#15	Ms. Bonamici	Adds the Respond, Innovate, Succeed, and Empower (RISE) Act.	Defeated
#16	Ms. Adams	Eliminate social security garnishment for defaulted loans.	Defeated
#17	Mr. Scott	Rule of construction to ensure nothing in this bill shall prevent a graduate student employee from joining a union	Defeated
#18	Ms. Manning	Rule of construction that nothing shall prevent an institution from providing information on contraception to students.	Defeated
#19	Mr. Bowman	Rule of construction that nothing shall prevent an institution from teaching any academic subjects including gender studies, African-American history, Latino history, Asian American, Native Hawaiian, and Pacific Islander history, LGBTQ+ history, Jewish history, or women's history.	Defeated
#21	Mr. Scott	Strikes provision limiting the Secretary's ability to regulate on accountability rules.	Defeated
#22	Ms. Omar	Strike the provision that prohibits the Secretary from modifying any existing repayment plans or developing any new repayment plans.	Defeated
#24	Ms. Adams	Insert Student Loan Rehabilitation and Credit Score Improvement Act.	Defeated
#26	Ms. Hayes & Ms. Adams	Strike accreditation provisions.	Defeated
#27	Mr. Takano	Require OIG report to ensure that the bill shall not take effect until the U.S. Department of Education Office of Inspector General, in consultation with U.S. Department of Veterans Affairs Office of Inspector General, certifies that such implementation shall not result in fraud and abuse of students who are veterans.	Defeated
#33	Mr. Bowman	Prohibiting the influence of legacy or donor status in admissions	Defeated

Amend- ment	Offered By	Description	Action Taken
#62	Ms. Hayes	Allows teachers' five years of classroom service to qualify for both the Stafford Student Loan Forgiveness (SSLF) program and toward the ten years of loan payments required for Public Service Loan Forgiveness (PSLF) program.	Defeated
#67	Ms. Omar	Strikes the section which eliminates the Parent PLUS and Graduate PLUS loans for all future borrowers	Defeated
#68	Ms. Omar	Strikes the section that modifies the Direct Loan program into two repayment plans	Defeated
#71	Ms. Leger-Fernandez	Directs the Department of Education to create a personal finance education portal for voluntary use by recipients of federal financial aid. The portal must be on a centralized and publicly available website and include information on personal finance concepts.	Defeated
#86	Ms. Jayapal	Amends the Postsecondary Student Data System to include and disaggregate data on individuals who have applied, and are admitted or waitlisted at each institution.	Defeated
#87	Ms. Jayapal	Allows the Secretary to consider students in high costs-of-living areas when determining the median cost of college attendance.	Defeated
#33	Mr. Sablan	Establishes a grant program to cover the difference between in-state tuition and out-of-state tuition for students who are from either the Northern Mariana Islands or American Samoa and who Defeated attend a public institution of higher education in a different state or territory.	Defeated

CONCLUSION

Admittedly, H.R. 6951 includes several strong policies that could improve transparency in higher education and begin addressing how to improve college student success. However, Committee Democrats were disappointed to see that these bipartisan, common-sense policies were the exception, and not the rule. H.R. 6951 includes countless harmful policies that will erode the integrity of the Title IV program and the U.S. higher education system as a whole. Regressive student loan, accreditation, and accountability provisions, coupled with no investments in the Pell Grant program, show that Committee Republicans are not seriously interested in meaningfully lowering the cost of college or improving student outcomes for students. Committee Democrats cannot support legislation that will leave students and borrowers worse off. For this and the reasons stated above, Committee Democrats unanimously opposed H.R. 6951 when the Committee on Education and the Workforce considered it on January 31, 2024. We strongly urge the House of Representatives to do the same.

ROBERT C. "BOBBY" SCOTT,
Ranking Member.
 GREGORIO KILILI CAMACHO
 SABLAN,
 FREDERICA S. WILSON,
 MARK DESAULNIER,

Members of Congress.

