

114TH CONGRESS
2D SESSION

S. 3368

To amend the Higher Education Act of 1965 to improve college access
and college completion for all students.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 2016

Mr. COONS (for himself and Mr. ISAKSON) introduced the following bill; which
was read twice and referred to the Committee on Health, Education,
Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 to improve
college access and college completion for all students.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Access, Success, and
5 Persistence in Reshaping Education Act of 2016” or the
6 “ASPIRE Act”.

1 **SEC. 2. IMPROVING COLLEGE ACCESS AND COMPLETION**
 2 **FOR ALL STUDENTS.**

3 (a) IN GENERAL.—Part G of title IV of the Higher
 4 Education Act of 1965 (20 U.S.C. 1088 et seq.) is amend-
 5 ed by adding at the end the following:

6 **“SEC. 493E. IMPROVING COLLEGE ACCESS AND COMPLE-**
 7 **TION FOR ALL STUDENTS.**

8 “(a) DEFINITIONS.—Except as otherwise provided in
 9 this section:

10 “(1) AVERAGE STUDENT-RELATED EXPENDI-
 11 TURE.—

12 “(A) IN GENERAL.—The term ‘average
 13 student-related expenditure’ means, with re-
 14 spect to the most recent fiscal year ending be-
 15 fore the October of an academic year, the total
 16 amount of an institution’s instructional expend-
 17 itures, student services expenditures, and the
 18 proportion of academic support expenditures
 19 that goes towards instruction, divided by the
 20 number of full-time equivalent undergraduate
 21 students enrolled in the institution for the aca-
 22 demic year.

23 “(B) INSTRUCTIONAL EXPENDITURES.—
 24 The term ‘instructional expenditures’—

25 “(i) includes—

1 “(I) expenditures for the colleges,
2 schools, departments, and other in-
3 structional divisions of the institution
4 and expenses for departmental re-
5 search and public service that are not
6 separately budgeted;

7 “(II) general academic instruc-
8 tion, occupational and vocational in-
9 struction, community education, pre-
10 paratory and adult basic education,
11 and remedial and tutorial instruction
12 conducted by the teaching faculty for
13 the institution’s students; and

14 “(III) expenses for both credit
15 and non-credit activities;

16 “(ii) may include information tech-
17 nology expenses related to instructional ac-
18 tivities if the institution separately budgets
19 and expenses information technology re-
20 sources; and

21 “(iii) does not include expenses for
22 academic administration where the primary
23 function is administration.

1 “(C) STUDENT SERVICES EXPENDI-
 2 TURES.—The term ‘student services expendi-
 3 tures’—

4 “(i) includes expenses for admissions,
 5 registrar activities, and activities whose
 6 primary purpose is to contribute to the
 7 emotional and physical well-being of stu-
 8 dents and to their intellectual, cultural,
 9 and social development outside the context
 10 of the formal instructional program; and

11 “(ii) may include information tech-
 12 nology expenses related to student service
 13 activities if the institution separately budg-
 14 ets and expenses information technology
 15 resources, otherwise these expenses are in-
 16 cluded in institutional support.

17 “(D) ACADEMIC SUPPORT EXPENDI-
 18 TURES.—The term ‘academic support expendi-
 19 tures’ includes—

20 “(i) expenses of activities and services
 21 that support the institution’s primary mis-
 22 sions of instruction, research, and public
 23 service, including—

24 “(I) the retention, preservation,
 25 and display of educational materials;

1 “(II) organized activities that
2 provide support services to the aca-
3 demic functions of the institution;

4 “(III) media such as audiovisual
5 services;

6 “(IV) academic administration;
7 and

8 “(V) formally organized and sep-
9 arately budgeted academic personnel
10 development and course and cur-
11 riculum development expenses; and

12 “(ii) information technology expenses
13 related to academic support activities or, if
14 an institution does not separately budget
15 and expense information technology re-
16 sources, the costs associated with the three
17 primary programs shall be applied to this
18 function and the remainder to institutional
19 support.

20 “(E) FULL-TIME EQUIVALENT UNDER-
21 GRADUATE STUDENTS ENROLLED.—The term
22 ‘full-time equivalent undergraduate students en-
23 rolled’ means the number of full-time under-
24 graduate students enrolled, plus—

1 “(i) in the case of an institution of
2 higher education that is a public, 4-year
3 institution, the number of part-time under-
4 graduate students enrolled multiplied by
5 0.403543;

6 “(ii) in the case of an institution of
7 higher education that is a private, non-
8 profit or for-profit, 4-year institution, the
9 number of part-time undergraduate stu-
10 dents enrolled multiplied by 0.392857;

11 “(iii) in the case of an institution of
12 higher education that is a public, 2-year
13 institution, the number of part-time under-
14 graduate students enrolled multiplied by
15 0.335737; and

16 “(iv) in the case of an institution of
17 higher education that is not described in
18 clause (i), (ii), or (iii), the number of part-
19 time undergraduate students enrolled mul-
20 tiplied by 0.397058.

21 “(2) INSTITUTION OF HIGHER EDUCATION.—

22 The term ‘institution of higher education’ means an
23 institution of higher education (as defined in section
24 101(a)) or a proprietary institution of higher edu-
25 cation (as defined in section 102(b))—

1 “(A) that predominately awards more
2 bachelor’s degrees than associate’s degrees and
3 certificates; and

4 “(B) that enrolls not less than 30 first-
5 time, full-time, degree- or certificate-seeking un-
6 dergraduate students.

7 “(3) LOW-INCOME OR WORKING CLASS STU-
8 DENT.—The term ‘low-income or working class stu-
9 dent’ means a student who is eligible to receive a
10 Federal Pell Grant.

11 “(4) MODERATE-INCOME STUDENT.—The term
12 ‘moderate-income student’ means a student who is
13 eligible to receive a Federal Direct Stafford Loan
14 but not eligible to receive a Federal Pell Grant.

15 “(5) REMEDIAL COURSE.—The term ‘remedial
16 course’ means a course of study that is determined
17 by the institution which offers such course to be nec-
18 essary to help a student be prepared for the pursuit
19 of a first undergraduate bachelor’s degree but does
20 not count for credit toward the degree.

21 “(6) UNDERREPRESENTED MINORITY.—The
22 term ‘underrepresented minority’ means American
23 Indian, Alaskan Native, Black (not of Hispanic ori-
24 gin), Hispanic (including persons of Mexican, Puerto

1 Rican, Cuban, and Central or South American ori-
2 gin), or Pacific Islander minority group.

3 “(b) IMPROVING COLLEGE ACCESS.—

4 “(1) IN GENERAL.—In order for an institution
5 of higher education to participate in any student fi-
6 nancial assistance program under this title, the insti-
7 tution shall comply with the improving college access
8 program under this subsection.

9 “(2) CALCULATION OF PERCENTAGES OF FED-
10 ERAL PELL GRANT RECIPIENTS.—

11 “(A) IN GENERAL.—For academic year
12 2017–2018 and for each succeeding academic
13 year, the Secretary shall determine, for each in-
14 stitution of higher education, the percentage of
15 bachelor’s degree-seeking students who enrolled
16 at the institution for the first time in a full-
17 time capacity for the academic year who re-
18 ceived a Federal Pell Grant for such academic
19 year.

20 “(B) RANKING.—

21 “(i) IN GENERAL.—For academic year
22 2017–2018 and for each succeeding aca-
23 demic year, the Secretary shall rank the
24 institutions according to the percentages
25 determined under subparagraph (A).

1 “(ii) THRESHOLD MARK.—For aca-
2 demic year 2017–2018 and for each suc-
3 ceeding academic year, the Secretary shall
4 determine, based on the rankings under
5 this subparagraph, the percentage, deter-
6 mined under subparagraph (A), at which
7 and above which marks the top 95 percent
8 of those institutions ranked.

9 “(C) FLOOR REACHED.—

10 “(i) FLOOR MARK.—For academic
11 year 2017–2018, the Secretary shall deter-
12 mine, based on the rankings under sub-
13 paragraph (B)(i) for such academic year,
14 the percentage, determined under subpara-
15 graph (A), at which and above which
16 marks the top 90 percent of those institu-
17 tions ranked.

18 “(ii) COMPARISON OF THRESHOLD
19 MARK TO FLOOR MARK.—If the threshold
20 mark determined under subparagraph
21 (B)(ii) for an academic year is at or above
22 the floor mark determined under clause (i),
23 no institution shall be subject to the provi-
24 sions of paragraph (3) for such academic
25 year.

1 “(3) CONSEQUENCES OF LOW RANKING.—

2 “(A) NOTIFICATION.—

3 “(i) IN GENERAL.—

4 “(I) IN GENERAL.—Subject to
5 paragraph (2)(C)(ii), for academic
6 year 2017–2018 and for each suc-
7 ceeding academic year, the Secretary
8 shall notify each institution of higher
9 education that is in the bottom 5 per-
10 cent of those institutions ranked
11 under paragraph (2)(B)—

12 “(aa) that the institution is
13 in such bottom 5 percent of those
14 institutions ranked;

15 “(bb) of the threshold mark
16 described in paragraph (2)(B)(ii)
17 that such institution must meet
18 or rise above; and

19 “(cc) that the institution has
20 90 days to appeal to the Sec-
21 retary to be removed from the
22 bottom 5 percent of those institu-
23 tions ranked.

24 “(II) APPEAL.—An institution of
25 higher education that is in the bottom

1 5 percent of those institutions ranked
2 under paragraph (2)(B) for an aca-
3 demic year may appeal to the Sec-
4 retary, within 90 days of the notifica-
5 tion under subclause (I), to be re-
6 moved from such bottom 5 percent
7 ranking if—

8 “(aa) the Secretary’s cal-
9 culation of its ranking is not ac-
10 curate, and that recalculation of
11 such ranking would raise the
12 ranking of the institution above
13 the bottom 5 percent of those in-
14 stitutions ranked;

15 “(bb) the institution’s aver-
16 age percentage for the academic
17 year and the 2 preceding aca-
18 demic years of bachelor’s degree-
19 seeking students who enrolled at
20 the institution for the first time
21 in a full-time capacity for the
22 academic year and the 2 pre-
23 ceding academic years who re-
24 ceived a Federal Pell Grant for
25 the academic year and the 2 pre-

1 ceding academic years is at or
2 above the threshold mark de-
3 scribed in paragraph (2)(B)(ii)
4 for the academic year; or

5 “(cc) the institution’s per-
6 centage of all bachelor’s degree-
7 seeking students enrolled at the
8 institution who received a Fed-
9 eral Pell Grant for the academic
10 year is sufficiently high, as deter-
11 mined by the Secretary.

12 “(ii) CONSUMER WARNING REPORT BY
13 THE SECRETARY.—For academic year
14 2017–2018 and for each succeeding aca-
15 demic year, the Secretary shall issue a re-
16 port, following resolution of all appeals
17 brought pursuant to the 90-day appeal pe-
18 riod, listing each institution of higher edu-
19 cation that is in the bottom 5 percent of
20 those institutions ranked under paragraph
21 (2)(B), and not removed from such rank-
22 ing in accordance with clause (i)(II), along
23 with the percentage of bachelor’s degree-
24 seeking students who enrolled at each such
25 institution for the first time in a full-time

1 capacity for the academic year who re-
2 ceived a Federal Pell Grant for such aca-
3 demic year.

4 “(B) PLAN.—An institution of higher edu-
5 cation that is included in the report under sub-
6 paragraph (A)(ii) shall develop a plan, not later
7 than 1 year after the date of the notification
8 under subparagraph (A)(i)(I) and in consulta-
9 tion with the Secretary, to meet or rise above
10 the threshold mark described in paragraph
11 (2)(B)(ii) applicable for the academic year for
12 which this institution was included in the report
13 under subparagraph (A)(ii) that triggered such
14 determination.

15 “(C) CALCULATION OF AVERAGE.—For
16 each institution of higher education that is in-
17 cluded in the report under subparagraph (A)(ii)
18 for an academic year, the Secretary shall—

19 “(i) grant the institution a hold harm-
20 less year for the academic year succeeding
21 the academic year for which the institution
22 receives notification under subparagraph
23 (A)(i)(I); and

24 “(ii) determine the average percentage
25 over the 3 succeeding academic years fol-

1 lowing the hold harmless academic year de-
2 scribed in clause (i) of bachelor's degree-
3 seeking students who enrolled at the insti-
4 tution for the first time in a full-time ca-
5 pacity for each of such 3 succeeding aca-
6 demic years who received a Federal Pell
7 Grant for each of such 3 succeeding aca-
8 demic years.

9 “(D) FAILURE TO IMPROVE.—

10 “(i) IN GENERAL.—Except as pro-
11 vided in clause (ii), if an institution of
12 higher education has an average percent-
13 age determined under subparagraph (C)(ii)
14 that is less than the threshold mark de-
15 scribed in paragraph (2)(B)(ii) for the aca-
16 demic year for which the institution was
17 included in the report under subparagraph
18 (A)(ii) that triggered such determination,
19 the Secretary shall impose on such institu-
20 tion a penalty described in subparagraph
21 (E).

22 “(ii) DELAY OF PENALTY.—

23 “(I) IN GENERAL.—The Sec-
24 retary may delay imposing a penalty
25 described in subparagraph (E) with

1 respect to an institution that has an
2 average percentage determined under
3 subparagraph (C)(ii) that is less than
4 the threshold mark described in para-
5 graph (2)(B)(ii) for the academic year
6 for which the institution was included
7 in the report under subparagraph
8 (A)(ii) that triggered such determina-
9 tion, but whose percentage determined
10 for the most recent academic year is
11 at or above such threshold mark.

12 “(II) PERIOD OF DELAY.—The
13 Secretary may delay imposing a pen-
14 alty under subclause (I) for a period
15 of not more than 2 years.

16 “(III) NEW 3-YEAR AVERAGE.—
17 With respect to an institution for
18 which the Secretary delays imposing a
19 penalty under this clause for a period
20 of not more than 2 years, the Sec-
21 retary, at the end of such delay pe-
22 riod, shall determine the average per-
23 centage over the 3 preceding years of
24 bachelor’s degree-seeking students
25 who enrolled at the institution for the

1 first time in a full-time capacity for
2 each of such 3 preceding academic
3 years and who received a Federal Pell
4 Grant for each of such 3 preceding
5 academic years. If the institution has
6 an average percentage that is less
7 than the threshold mark described in
8 paragraph (2)(B)(ii) for the academic
9 year for which the institution was in-
10 cluded in the report under subpara-
11 graph (A)(ii) that triggered such de-
12 termination, the Secretary shall im-
13 pose on such institution a penalty de-
14 scribed in subparagraph (E).

15 “(E) PENALTIES.—

16 “(i) IN GENERAL.—The Secretary
17 shall impose a penalty under this para-
18 graph in an amount determined under this
19 subparagraph.

20 “(ii) AMOUNT OF PENALTY.—

21 “(I) IN GENERAL.—The penalty
22 to be imposed under this subpara-
23 graph with respect to an institution
24 shall be a fee-per-student penalty, in
25 which the number of additional stu-

1 dents determined with respect to such
2 institution under subclause (II) for an
3 academic year is multiplied by the in-
4 stitution’s average student-related ex-
5 penditure for the academic year.

6 “(II) NUMBER OF ADDITIONAL
7 STUDENTS TO BE DETERMINED.—

8 With respect to an institution of high-
9 er education that is subject to the
10 penalty under this subparagraph, the
11 Secretary shall determine the number
12 of additional students the institution
13 would need to enroll as Federal Pell
14 Grant recipients to meet the threshold
15 mark described in paragraph
16 (2)(B)(ii). Such number shall be cal-
17 culated by determining the percentage
18 equal to subtracting the average per-
19 centage determined under subpara-
20 graph (C)(ii) from the threshold mark
21 described in paragraph (2)(B)(ii) for
22 the academic year for which the insti-
23 tution was included in the report
24 under subparagraph (A)(ii) that trig-
25 gered such determination, and multi-

1 plying such determined percentage by
2 the average number of bachelor's de-
3 gree-seeking students who enrolled at
4 the institution for the first time in a
5 full-time capacity for an academic
6 year over the 3 preceding academic
7 years.

8 “(iii) COLLECTION OF PENALTY
9 FEES.—The Secretary shall—

10 “(I) collect penalty fees imposed
11 under this paragraph not later than 1
12 year after such penalty is imposed;
13 and

14 “(II) use the fees collected under
15 subclause (I) to fund the completion
16 improvement program under sub-
17 section (d) and the completion bonus
18 program under subsection (e).

19 “(iv) PROHIBITION ON USE OF INSTI-
20 TUTIONAL NEED-BASED GRANT AID TO PAY
21 FEES.—An institution of higher education
22 that is subject to a penalty under this
23 paragraph may not, in order to pay such
24 penalty fee—

1 “(I) reduce the amount of insti-
2 tutional need-based grant aid awarded
3 to students to attend the institution;
4 or

5 “(II) increase tuition or fees.

6 “(F) APPEALS.—

7 “(i) IN GENERAL.—An institution of
8 higher education that is subject to a pen-
9 alty under this paragraph may appeal the
10 decision to impose such penalty or the
11 amount of the penalty to the Secretary.

12 “(ii) CONTENT OF APPEAL.—The ap-
13 peals process shall permit the institution to
14 demonstrate, to the satisfaction of the Sec-
15 retary—

16 “(I) that there was a miscalcula-
17 tion of the penalty amount; or

18 “(II) that there is some unfore-
19 seen and extreme circumstance that
20 should warrant a waiver from such
21 penalty or a reduction in the amount
22 of such penalty.

23 “(c) IMPROVING COMPLETION.—

24 “(1) IN GENERAL.—

1 “(A) IN GENERAL.—In order for an insti-
2 tution of higher education to participate in any
3 student financial assistance program under this
4 title, the institution shall comply with the im-
5 proving college completion program under this
6 subsection.

7 “(B) ELECTION BY PUBLIC OR OTHER
8 NONPROFIT INSTITUTIONS.—An institution of
9 higher education that is a public or other non-
10 profit institution of higher education may elect
11 for the Secretary not to impose on such institu-
12 tion a penalty described in paragraph (3)(E).
13 An institution that makes such election shall
14 not be eligible to receive a grant under the com-
15 pletion improvement program under subsection
16 (d) or the completion bonus program under
17 subsection (e).

18 “(C) DEFINITION OF INSTITUTION OF
19 HIGHER EDUCATION.—In this subsection, the
20 term ‘institution of higher education’ means an
21 institution of higher education (as defined in
22 section 101(a)) or a proprietary institution of
23 higher education (as defined in section
24 102(b))—

1 “(i) that predominately awards more
2 bachelor’s degrees than associate’s degrees
3 and certificates; and

4 “(ii) that enrolls not less than 30
5 first-time, full-time bachelor’s degree- or
6 equivalent-degree-seeking undergraduate
7 students.

8 “(2) CALCULATION OF PERCENTAGES OF COM-
9 PLETION.—

10 “(A) IN GENERAL.—For academic year
11 2017–2018 and for each succeeding academic
12 year, the Secretary shall determine, for each in-
13 stitution of higher education that participates
14 in any program under this title, the percentage
15 of first-time, full-time bachelor’s degree-seeking
16 students who enrolled at the institution who
17 graduate within 6 years.

18 “(B) RANKING.—

19 “(i) IN GENERAL.—For academic year
20 2017–2018 and for each succeeding aca-
21 demic year, the Secretary shall rank the
22 institutions according to the percentages
23 determined under subparagraph (A).

24 “(ii) THRESHOLD MARK.—For aca-
25 demic year 2017–2018 and for each suc-

1 ceeding academic year, the Secretary shall
2 determine, based on the rankings under
3 clause (i), the percentage, determined
4 under subparagraph (A), at which and
5 above which marks the top 95 percent of
6 the institutions ranked.

7 “(iii) RANKINGS FOR PEER GROUPS
8 OF INSTITUTIONS.—

9 “(I) IN GENERAL.—For academic
10 year 2017–2018 and for each suc-
11 ceeding academic year, the Secretary
12 shall rank the institutions according
13 to the percentages determined under
14 subparagraph (A) in each peer group
15 of institutions described in subclause
16 (II).

17 “(II) PEER GROUPS.—For aca-
18 demic year 2017–2018 and for each
19 succeeding academic year, the Sec-
20 retary shall establish peer groups of
21 institutions. Each peer group shall in-
22 clude approximately 10 to 15 institu-
23 tions that are included in such group
24 based on similar institutional charac-

1 teristics. Such characteristics shall in-
2 clude the following:

3 “(aa) The percentage of
4 first-time, full-time students en-
5 rolled at the institution who re-
6 ceive a Federal Pell Grant.

7 “(bb) The average SAT or
8 ACT score of first-time, full-time
9 students enrolled at the institu-
10 tion.

11 “(cc) The average high
12 school GPA of first-time, full-
13 time students enrolled at the in-
14 stitution.

15 “(dd) The institution’s aver-
16 age student-related expenditure.

17 “(ee) Other characteristics
18 that the Secretary determines are
19 appropriate.

20 “(C) FLOOR REACHED.—

21 “(i) FLOOR MARK.—For academic
22 year 2017–2018, the Secretary shall deter-
23 mine, based on the rankings under sub-
24 paragraph (B)(i) for such academic year,
25 the percentage, determined under subpara-

1 graph (A), at which and above which
2 marks the top 90 percent of those institu-
3 tions ranked.

4 “(ii) COMPARISON OF THRESHOLD
5 MARK TO FLOOR MARK.—If the threshold
6 mark determined under subparagraph
7 (B)(ii) for an academic year is at or above
8 the floor mark determined under clause (i),
9 no institution shall be subject to the provi-
10 sions of paragraph (3) for such academic
11 year.

12 “(iii) CONSUMER WARNINGS.—If the
13 threshold mark determined under subpara-
14 graph (B)(ii) for an academic year is at or
15 above the floor mark determined under
16 clause (i)—

17 “(I) each institution with a per-
18 centage determined under subpara-
19 graph (A) that is less than the floor
20 mark shall publish a consumer warn-
21 ing in a prominent place on the home-
22 page of the institution’s website of the
23 percentage of first-time, full-time
24 bachelor’s degree-seeking students
25 who enrolled at the institution who

1 graduate within 6 years for such aca-
2 demic year and at the beginning of
3 each subsequent academic year
4 until—

5 “(aa) the institution has a
6 percentage determined under
7 subparagraph (A) that is at or
8 above the floor mark; or

9 “(bb) the threshold mark
10 determined under subparagraph
11 (B) is less than the floor mark;
12 and

13 “(II) the Secretary shall issue a
14 report that lists each institution de-
15 scribed in subclause (I) along with the
16 percentage of first-time, full-time
17 bachelor’s degree-seeking students
18 who enrolled at the institution who
19 graduate within 6 years for such aca-
20 demic year.

21 “(3) CONSEQUENCES OF LOW RANKING.—

22 “(A) IN GENERAL.—

23 “(i) IN GENERAL.—Subject to para-
24 graph (2)(C)(ii), for academic year 2017–
25 2018 and for each succeeding academic

1 year, the Secretary shall notify each insti-
2 tution of higher education that is in the
3 bottom 5 percent of those institutions
4 ranked under paragraph (2)(B)(i)—

5 “(I) that the institution is in
6 such bottom 5 percent of those insti-
7 tutions ranked and whether the insti-
8 tution is in the top two-thirds of insti-
9 tutions ranked in the institution’s
10 peer group described in paragraph
11 (2)(B)(iii) for the academic year;

12 “(II) of the applicable threshold
13 mark described in paragraph
14 (2)(B)(ii) that such institution must
15 meet or rise above; and

16 “(III) that the institution has 90
17 days to appeal to the Secretary to be
18 removed from the bottom 5 percent of
19 those institutions ranked.

20 “(ii) APPEAL.—An institution of high-
21 er education that is in the bottom 5 per-
22 cent of those institutions ranked under
23 paragraph (2)(B)(i) for an academic year
24 may appeal to the Secretary, within 90
25 days of the notification under clause (i), to

1 be removed from such bottom 5 percent
2 ranking if—

3 “(I) the Secretary’s calculation of
4 its ranking is not accurate, and that
5 recalculation of such ranking would
6 raise the ranking of the institution
7 above the bottom 5 percent of those
8 institutions ranked;

9 “(II) the institution’s average
10 percentage for the academic year and
11 the 2 preceding academic years of
12 first-time, full-time bachelor’s degree-
13 seeking students who enrolled at the
14 institution who graduate within 6
15 years is at or above the threshold
16 mark described in paragraph
17 (2)(B)(ii) for the academic year; or

18 “(III) the institution is in the top
19 two-thirds of institutions ranked in
20 the institution’s peer group described
21 in paragraph (2)(B)(iii) for the aca-
22 demic year.

23 “(iii) CONSUMER WARNING REPORT
24 BY THE SECRETARY.—For academic year
25 2017–2018 and for each succeeding aca-

1 demic year, the Secretary shall issue a re-
2 port, following resolution of all appeals
3 brought pursuant to the 90-day appeal pe-
4 riod, listing each institution of higher edu-
5 cation that is in the bottom 5 percent of
6 those institutions ranked under paragraph
7 (2)(B)(i), and not removed from such
8 ranking in accordance with clause (ii),
9 along with the percentage of first-time,
10 full-time bachelor’s degree-seeking students
11 who enrolled at each such institution who
12 graduate within 6 years.

13 “(B) PLAN AND CONSUMER WARNINGS.—
14 For academic year 2017–2018 and for each
15 fifth succeeding academic year, an institution of
16 higher education that is included in the report
17 under subparagraph (A)(iii) shall—

18 “(i) develop a plan, not later than 1
19 year after the date of the notification
20 under subparagraph (A)(i) and in con-
21 sultation with the Secretary, to meet or
22 rise above the threshold mark described in
23 paragraph (2)(B)(ii); and

1 “(ii) publish a consumer warning in a
2 prominent place on the homepage of the
3 institution’s website to students—

4 “(I) of such notification at the
5 beginning of each academic year until
6 the institution is no longer in the bot-
7 tom 5 percent of those institutions
8 ranked under paragraph (2)(B)(i);
9 and

10 “(II) that if the institution is
11 subject to a penalty under this para-
12 graph, an undergraduate student who
13 enrolls at such institution for the first
14 time after the date the institution is
15 subject to such penalty may lose eligi-
16 bility to receive assistance for attend-
17 ance at that institution under any
18 program under this title.

19 “(C) CALCULATION OF AVERAGE.—

20 “(i) IN GENERAL.—For academic year
21 2017–2018 and for each fifth succeeding
22 academic year, for each institution of high-
23 er education that is included in the report
24 under subparagraph (A)(iii) for an aca-
25 demic year, the Secretary shall—

1 “(I) grant the institution a hold
2 harmless year for the academic year
3 succeeding the academic year for
4 which the institution receives notifica-
5 tion under subparagraph (A)(i); and

6 “(II) determine the average per-
7 centage over the 4 succeeding aca-
8 demic years (as determined under
9 clause (ii)) following the hold harm-
10 less academic year described in clause
11 (i) of first-time, full-time bachelor’s
12 degree-seeking students who enrolled
13 at the institution who graduate within
14 6 years.

15 “(ii) UNDER-RESOURCED YEARS.—In
16 determining the 4 succeeding academic
17 years under clause (i)(II), the Secretary
18 shall skip any academic year that succeeds
19 an academic year for which less than
20 \$25,000,000 is collected under subsection
21 (b)(3)(E).

22 “(D) FAILURE TO IMPROVE.—

23 “(i) IN GENERAL.—Except as pro-
24 vided in clause (ii) or paragraph (1)(B), if
25 an institution of higher education has an

1 average percentage determined under sub-
2 paragraph (C)(i)(II) that is less than the
3 applicable threshold mark described in
4 paragraph (2)(B)(ii), the Secretary shall
5 impose on such institution a penalty de-
6 scribed in subparagraph (E).

7 “(ii) DELAY OF PENALTY.—

8 “(I) IN GENERAL.—The Sec-
9 retary may delay imposing a penalty
10 described in subparagraph (E) with
11 respect to an institution that has an
12 average percentage determined under
13 subparagraph (C)(i)(II) that is less
14 than the applicable threshold mark
15 described in paragraph (2)(B)(ii), but
16 whose percentage determined for the
17 most recent academic year is at or
18 above such threshold mark.

19 “(II) PERIOD OF DELAY.—The
20 Secretary may delay imposing a pen-
21 alty under subclause (I) for a period
22 of not more than 2 years.

23 “(III) NEW AVERAGE.—With re-
24 spect to an institution for which the
25 Secretary delays imposing a penalty

1 under this clause for a period of not
2 more than 2 years, the Secretary, at
3 the end of such delay period, shall de-
4 termine the average percentage over
5 the 4 preceding years of first-time,
6 full-time bachelor's degree-seeking
7 students who enrolled at the institu-
8 tion who graduate within 6 years. If
9 the institution has an average per-
10 centage that is less than the threshold
11 mark described in paragraph
12 (2)(B)(ii), the Secretary shall impose
13 on such institution a penalty described
14 in subparagraph (E).

15 “(E) PENALTIES.—

16 “(i) FIRST PENALTY YEAR.—Begin-
17 ning with the fifth academic year after
18 which penalty fees are collected under sub-
19 section (b)(3)(E), an institution of higher
20 education that is subject to a penalty
21 under this paragraph shall pay to the Sec-
22 retary for an academic year an amount
23 equal to 25 percent of the total amount of
24 funds made available under subsection (d)
25 to the institution during the 4 academic

1 years preceding the academic year for
2 which the penalty is due under this para-
3 graph. The Secretary shall use such pen-
4 alty fees to fund the completion improve-
5 ment program under subsection (d) and
6 the completion bonus program under sub-
7 section (e).

8 “(ii) SECOND PENALTY YEAR.—One
9 year after the first academic year for
10 which an institution of higher education is
11 subject to a penalty under this paragraph,
12 the Secretary shall determine the average
13 percentage for such year after such first
14 academic year and the 3 preceding aca-
15 demic years of first-time, full-time bach-
16 elor’s degree-seeking students who enrolled
17 at the institution who graduate within 6
18 years. If such average percentage is less
19 than the threshold mark described in para-
20 graph (2)(B)(ii) for such year after such
21 first academic year, the institution of high-
22 er education shall pay to the Secretary for
23 such year after such first academic year an
24 amount equal to 50 percent of the total
25 amount of funds made available under sub-

1 section (d) to the institution during the 5
2 academic years preceding the academic
3 year for which the penalty is due under
4 this clause. The Secretary shall use such
5 penalty fees to fund the completion im-
6 provement program under subsection (d)
7 and the completion bonus program under
8 subsection (e).

9 “(iii) THIRD PENALTY YEAR.—

10 “(I) DETERMINATION.—Two
11 years after the first academic year for
12 which an institution of higher edu-
13 cation is subject to a penalty under
14 this paragraph, the Secretary shall de-
15 termine the average percentage for
16 such second year after such first aca-
17 demic year and the 3 preceding aca-
18 demic years of first-time, full-time
19 bachelor’s degree-seeking students
20 who enrolled at the institution who
21 graduate within 6 years.

22 “(II) INELIGIBILITY.—If the av-
23 erage percentage determined under
24 subclause (I) is less than the thresh-
25 old mark described in paragraph

1 (2)(B)(ii) for such second year after
2 such first academic year any under-
3 graduate student who enrolls at the
4 institution of higher education for the
5 first time during the 3-year period
6 that begins 2 years after the date the
7 institution is subject to a penalty
8 under this paragraph shall lose eligi-
9 bility to receive assistance for attend-
10 ance at such institution under any
11 program under this title during such
12 3-year period.

13 “(iv) PROHIBITIONS.—An institution
14 of higher education that is subject to a
15 penalty under this subparagraph—

16 “(I) shall ensure that students
17 enrolled at the institution receive the
18 full amount of funding under this title
19 they would otherwise have received
20 had the institution not been subject to
21 such penalty; and

22 “(II) may not, in order to pay for
23 the penalty fee—

24 “(aa) reduce the amount of
25 institutional need-based grant aid

1 awarded to students to attend
2 the institution; and

3 “(bb) raise tuition or fees.

4 “(v) WAIVER.—The Secretary may
5 waive or reduce a penalty under this sub-
6 paragraph if the Secretary determines such
7 a waiver is necessary to avoid extreme
8 hardship for the students enrolled at the
9 institution of higher education on which
10 the penalty would be imposed.

11 “(vi) PAYMENT PLAN.—The Secretary
12 may allow an institution of higher edu-
13 cation that owes a penalty under this sub-
14 paragraph to enter into a payment plan to
15 pay such penalty amount.

16 “(F) APPEALS.—

17 “(i) IN GENERAL.—An institution of
18 higher education that is subject to a pen-
19 alty under this paragraph may appeal the
20 decision to impose such penalty to the Sec-
21 retary.

22 “(ii) CONTENT OF APPEAL.—The ap-
23 peals process shall permit the institution to
24 demonstrate, to the satisfaction of the Sec-
25 retary that there is some unforeseen and

1 extreme circumstance that should warrant
2 a waiver from such penalty, a reduction in
3 the amount of such penalty, or removal of
4 the institution from the bottom 5 percent
5 of those institutions ranked under para-
6 graph (2)(B).

7 “(G) CONSUMER WARNING BY THE SEC-
8 RETARY.—For academic year 2017–2018 and
9 for each succeeding academic year, the Sec-
10 retary shall issue a report listing each institu-
11 tion of higher education that is in the bottom
12 5 percent of those institutions ranked under
13 paragraph (2)(B) for such academic year and,
14 for each such institution, the percentage of
15 first-time, full-time bachelor’s degree-seeking
16 students who enrolled at the institution who
17 graduate within 6 years, for such academic
18 year.

19 “(d) COMPLETION IMPROVEMENT PROGRAM.—

20 “(1) IN GENERAL.—From funds available
21 under paragraph (5), the Secretary shall establish a
22 completion improvement program to award grants to
23 eligible institutions of higher education to support
24 reforms to improve completion rates.

1 “(2) ELIGIBLE INSTITUTIONS.—An institution
2 of higher education is eligible to receive a grant
3 under this subsection if the institution—

4 “(A) is a public or other nonprofit institu-
5 tion of higher education that is in the bottom
6 5 percent of those institutions ranked under
7 subsection (c)(2)(B); and

8 “(B) has not elected to be exempt under
9 subsection (c)(1)(B).

10 “(3) DETERMINATION OF GRANT AMOUNT.—

11 “(A) IN GENERAL.—In awarding grants
12 under this subsection, the Secretary shall deter-
13 mine a grant amount for each eligible institu-
14 tion according to the formula under subpara-
15 graph (B).

16 “(B) GRANT AMOUNT FORMULA.—

17 “(i) IN GENERAL.—Except as pro-
18 vided in clause (iii), the grant amount for
19 an eligible institution described in para-
20 graph (2) for a fiscal year shall be equal
21 to the Pell weight of such institution for
22 the fiscal year, determined under clause
23 (ii), multiplied by the amount available
24 under paragraph (5) for such fiscal year.

25 “(ii) PELL WEIGHT.—

1 “(I) IN GENERAL.—The Pell
2 weight of an eligible institution for a
3 fiscal year shall be equal to a percent-
4 age that is determined by dividing the
5 institution’s Pell enrollment deter-
6 mined under subclause (II) for the fis-
7 cal year by the total Pell enrollment
8 determined under subclause (III) for
9 the fiscal year.

10 “(II) INSTITUTION’S PELL EN-
11 ROLLMENT.—An eligible institution’s
12 Pell enrollment for a fiscal year shall
13 be equal to the percentage of bach-
14 elor’s degree-seeking students enrolled
15 at the institution for the academic
16 year that ended immediately pre-
17 ceeding such fiscal year who received a
18 Federal Pell Grant for such academic
19 year.

20 “(III) TOTAL PELL ENROLL-
21 MENT.—The total Pell enrollment for
22 a fiscal year shall be equal to the sum
23 of the percentages of bachelor’s de-
24 gree-seeking students enrolled at each
25 eligible institution, described in para-

1 graph (2), for the academic year that
2 ended immediately preceding such fis-
3 cal year who received a Federal Pell
4 Grant for such academic year.

5 “(iii) MAXIMUM GRANT AMOUNT.—
6 The maximum grant amount for an eligible
7 institution described in paragraph (2) for a
8 fiscal year shall be \$2,000,000. Any
9 amounts available under paragraph (5) for
10 such fiscal year that are remaining after
11 awarding grants in accordance with this
12 subparagraph shall be used to carry out
13 the completion bonus program under sub-
14 section (e).

15 “(4) USE OF FUNDS.—An institution of higher
16 education that receives a grant under this subsection
17 shall use the grant funds for reforms and practices
18 that are part of the improvement plan of the institu-
19 tion, as described under subsection (c)(3)(B)(i),
20 which may include the following:

21 “(A) Increasing funds available for Federal
22 Work-Study Programs for undergraduate stu-
23 dents.

1 “(B) Increasing need-based institutional
2 aid to students who are eligible for Federal Pell
3 Grants.

4 “(C) Enhancing academic advising and
5 student support services.

6 “(D) Expanding accelerated learning op-
7 portunities.

8 “(E) Improving remedial course offerings.

9 “(F) Data- and technology-driven efforts
10 to increase college completion rates.

11 “(G) Enhancing regular and proactive ca-
12 reer advising and loan counseling services, in-
13 cluding post-enrollment services.

14 “(H) Efforts to close completion gaps—

15 “(i) between non-low-income or work-
16 ing class students and low-income or work-
17 ing class students; and

18 “(ii) between non-underrepresented
19 minority students and underrepresented
20 minority students.

21 “(5) AVAILABLE FUNDS.—Funds shall be avail-
22 able to carry out this subsection only from the pen-
23 alty fees collected under subsections (b)(3)(E) and
24 (c)(3)(E).

25 “(e) COMPLETION BONUS PROGRAM.—

1 “(1) IN GENERAL.—From funds available
2 under paragraph (5), the Secretary shall establish a
3 completion bonus program to award grants on a
4 competitive basis to eligible institutions of higher
5 education to support reforms to improve completion
6 rates.

7 “(2) ELIGIBLE INSTITUTIONS.—An institution
8 of higher education is eligible to receive a grant
9 under this subsection if the institution is not in the
10 bottom 5 percent of those institutions ranked under
11 subsection (c)(2)(B).

12 “(3) APPLICATION AND PRIORITY.—

13 “(A) APPLICATION.—An eligible institution
14 that desires a grant under this subsection shall
15 submit an application to the Secretary at such
16 time, in such manner, and containing such in-
17 formation as the Secretary may require.

18 “(B) PRIORITY.—In awarding grants
19 under this subsection, the Secretary shall give
20 priority to an eligible institution that is a part
21 B institution (as defined in section 322) or a
22 minority-serving institution (as described in sec-
23 tion 371(a)).

24 “(4) USE OF FUNDS.—An eligible institution
25 that receives a grant under this subsection shall use

1 the grant funds for reforms and practices to improve
2 completion rates, which may include the following:

3 “(A) Increasing funds available for Federal
4 Work-Study Programs for undergraduate stu-
5 dents.

6 “(B) Increasing need-based institutional
7 aid to students who are eligible for Federal Pell
8 Grants.

9 “(C) Enhancing academic advising and
10 student support services.

11 “(D) Expanding accelerated learning op-
12 portunities.

13 “(E) Improving remedial course offerings.

14 “(F) Data- and technology-driven efforts
15 to increase college completion rates.

16 “(G) Enhancing regular and proactive ca-
17 reer advising and loan counseling services, in-
18 cluding post-enrollment services.

19 “(H) Efforts to close completion gaps—

20 “(i) between non-low-income or work-
21 ing class students and low-income or work-
22 ing class students; and

23 “(ii) between non-underrepresented
24 minority students and underrepresented
25 minority students.

1 “(5) AVAILABLE FUNDS.—Funds shall be avail-
2 able to carry out this subsection only from funds
3 from the penalty fees collected under subsections
4 (b)(3)(E) and (c)(3)(E) that are remaining after
5 grants are awarded for the completion improvement
6 program under subsection (d).

7 “(f) NON-FINANCIAL REWARD BONUS PROGRAM.—

8 “(1) IN GENERAL.—The Secretary shall award
9 non-financial rewards to institutions of higher edu-
10 cation that have a proven record of making college
11 more affordable and increasing college access and
12 success for low-income or working class students and
13 moderate-income students.

14 “(2) INSTITUTIONAL ELIGIBILITY.—An institu-
15 tion of higher education is eligible for a non-finan-
16 cial reward under this subsection for an academic
17 year if—

18 “(A) the percentage of bachelor’s degree-
19 seeking students who enrolled at the institution
20 for the academic year who received a Federal
21 Pell Grant for such academic year falls within
22 the top 50 percent of ranked institutions, as de-
23 termined by the Secretary for the academic
24 year;

1 “(B) the percentage of first-time, full-time
2 bachelor’s degree-seeking students who enrolled
3 at the institution who graduate within 6 years
4 falls within the top 25 percent of ranked insti-
5 tutions, as determined by the Secretary for the
6 academic year; and

7 “(C) the institution is not under Federal
8 investigation for a sanction for an academic or
9 financial irregularity.

10 “(3) APPLICATIONS.—An institution of higher
11 education that desires to receive a non-financial re-
12 ward under this subsection shall submit an applica-
13 tion to the Secretary at such time, in such manner,
14 and containing such information as the Secretary
15 may require.

16 “(4) PRIORITY.—Priority in awarding non-fi-
17 nancial rewards under this subsection shall go to in-
18 stitutions of higher education that have small or di-
19 minishing gaps in the completion rates—

20 “(A) between non-low-income or working
21 class students and low-income or working class
22 students; and

23 “(B) between non-underrepresented minor-
24 ity students and underrepresented minority stu-
25 dents.

1 “(5) NON-FINANCIAL REWARDS.—Non-financial
2 rewards under this subsection may include the fol-
3 lowing:

4 “(A) Reporting less frequently and avoid-
5 ing duplicative reporting requirements.

6 “(B) Extra points in Department grant
7 competitions for which institutions of higher
8 education are eligible entities.

9 “(C) Waiving the multiple disbursement
10 rule or disbursement delays.

11 “(D) Preferable status for experimental
12 sites.

13 “(g) BEST PRACTICES.—The Secretary shall estab-
14 lish a publicly available electronic database identifying
15 best practices of—

16 “(1) institutions of higher education that were
17 in the bottom 5 percent of those institutions ranked
18 under the improving college access program under
19 subsection (b) or the improving college completion
20 program under subsection (c) for academic year
21 2017–2018 or for any succeeding academic year and
22 that have improved their ranking; and

23 “(2) eligible institutions of higher education
24 awarded grants under the completion bonus program

1 under subsection (e) to support reforms to improve
2 completion rates.

3 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated to carry out this section
5 such sums as may be necessary.”.

6 (b) REPORT TO CONGRESS.—Not later than 2 years
7 after the date of enactment of this Act, the Secretary of
8 Education shall submit a report to Congress that provides
9 recommendations on ways to expand section 493E of the
10 Higher Education Act of 1965, as added by subsection
11 (a), to institutions with predominantly associate’s degree-
12 seeking students, as well as other institutions of higher
13 education not covered by such section.

○