

118TH CONGRESS
2D SESSION

S. 4295

To establish that institutions of higher education shall be ineligible for funds under the Higher Education Act of 1965 due to campus disorder.

IN THE SENATE OF THE UNITED STATES

MAY 9, 2024

Mr. VANCE introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To establish that institutions of higher education shall be ineligible for funds under the Higher Education Act of 1965 due to campus disorder.

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 “Encampments or En-
5 dowments Act”.

6 **SEC. 2. INELIGIBILITY DUE TO CAMPUS DISORDER.**

7 (a) IN GENERAL.—Part B of title I of the Higher
8 Education Act of 1965 (20 U.S.C. 1011 et seq.) is amend-
9 ed by adding at the end the following:

1 **“SEC. 124. INELIGIBILITY DUE TO CAMPUS DISORDER.**

2 “(a) IN GENERAL.—Notwithstanding any other pro-
 3 vision of law, no institution of higher education shall be
 4 eligible to receive funds under this Act (including funds
 5 for Federal student assistance under title IV) or partici-
 6 pate in programs under title IV if the Secretary deter-
 7 mines that the institution of higher education has failed
 8 to disestablish any permanent encampment on the institu-
 9 tion’s campus if occupants of the encampment, whether
 10 or not affiliated with the institution of higher education—

11 “(1) have attempted to interfere with a core
 12 function of the institution of higher education; or

13 “(2) have obstructed the ingress or egress of
 14 students.

15 “(b) DEFINITIONS.—In this section:

16 “(1) CAMPUS.—The term ‘campus’ has the
 17 meaning given the term in section 485(f)(6).

18 “(2) CORE FUNCTION OF A UNIVERSITY.—The
 19 term ‘core function of a university’ means classroom
 20 instruction, research, and academic ceremonies per-
 21 formed as part of the matriculation, education, or
 22 graduation of students, including commencement
 23 ceremonies.

24 “(3) ENCAMPMENT.—The term ‘encampment’
 25 means any establishment on the campus of the insti-
 26 tution of higher education containing any tent, lean-

1 to, shack, or other structure erected for the purpose
2 of maintaining a temporary or permanent place to
3 live or reside, or where any bedding, sleeping bag,
4 stove, or collection of personal belongings has been
5 placed for the purpose of maintaining temporary or
6 permanent habitability.

7 “(4) PERMANENT ENCAMPMENT.—The term
8 ‘permanent encampment’ means any encampment
9 existing on the campus of the institution of higher
10 education for 7 days or more.

11 “(c) REGAINING ELIGIBILITY.—On the date that is
12 5 years after the date on which an institution is declared
13 ineligible under this section, that institution may submit
14 an application to the Secretary containing a request to re-
15 gain such eligibility, and the Secretary shall consider such
16 request.”.

17 (b) APPLICABILITY.—The amendment made by sub-
18 section (a) shall take effect on the date of enactment of
19 this Act, and ineligibility with respect to any grant, loan,
20 or work assistance provided under title IV of the Higher
21 Education Act of 1965 (20 U.S.C. 1070 et seq.) due to
22 a violation of subsection (a) shall apply on or after July
23 1, 2025.

24 (c) FAFSA DETERMINATIONS.—The Secretary of
25 Education shall continue to receive and process the Free

1 Application for Federal Student Aid for continuously en-
 2 rolled students (as defined in section 4969 of the Internal
 3 Revenue Code of 1986, as added by section 3), in order
 4 to make a determination about the covered Federal finan-
 5 cial assistance amount (as defined under such section) for
 6 such students.

7 **SEC. 3. EXCISE TAX ON THE ENDOWMENTS OF CERTAIN**
 8 **DISQUALIFIED COLLEGES AND UNIVER-**
 9 **SITIES.**

10 (a) IN GENERAL.—Subchapter H of chapter 42 of
 11 the Internal Revenue Code of 1986 is amended by adding
 12 at the end the following new section:

13 **“SEC. 4969. EXCISE TAX ON ENDOWMENT INCOME OF CER-**
 14 **TAIN DISQUALIFIED COLLEGES AND UNIVER-**
 15 **SITIES.**

16 “(a) TAX IMPOSED.—There is hereby imposed on
 17 each disqualified educational institution for any taxable
 18 year a tax equal to 50 percent of the aggregate fair market
 19 value of the assets of the institution at the end of the pre-
 20 ceding taxable year.

21 “(b) DISQUALIFIED EDUCATIONAL INSTITUTION.—
 22 For purposes of this section, with respect to a taxable
 23 year—

24 “(1) IN GENERAL.—The term ‘disqualified edu-
 25 cational institution’ means an eligible educational in-

1 stitution (as defined in section 25A(f)(2)) which is
2 ineligible to receive funds under the Higher Edu-
3 cation Act of 1965 (including funds for Federal stu-
4 dent assistance under title IV of such Act) or par-
5 ticipate in programs under title IV of such Act pur-
6 suant to section 124 of such Act.

7 “(2) EXCEPTION.—An institution shall not be
8 treated as a disqualified educational institution for
9 the taxable year if such institution—

10 “(A) for the academic year ending with or
11 within the taxable year, provides grant funds
12 for all continuously enrolled students of the in-
13 stitution in an amount equal to the covered
14 Federal financial assistance amount for such
15 students, and

16 “(B) demonstrates such assistance to the
17 Secretary of Education.

18 “(c) ASSETS.—The rules of section 4968(d) shall
19 apply for purposes of this section.

20 “(d) CONTINUOUSLY ENROLLED STUDENTS.—For
21 purposes of this section, the term ‘continuously enrolled
22 student’ means a student who—

23 “(1) is enrolled at an institution of higher edu-
24 cation when that institution was determined to be
25 ineligible for Federal student assistance pursuant to

1 section 124 of the Higher Education Act of 1965;
2 and

3 “(2) has continued enrollment in the same de-
4 gree program at that institution.

5 “(e) COVERED FEDERAL FINANCIAL ASSISTANCE
6 AMOUNT.—For purposes of this section, the term ‘covered
7 Federal financial assistance amount’ means the amount
8 of Federal financial assistance under title IV of the Higher
9 Education Act of 1965 (including through grants, loans,
10 and work assistance) for which a student who is a continu-
11 ously enrolled student in a disqualified educational institu-
12 tion would have been eligible, with respect to an applicable
13 award year, if the disqualified educational institution were
14 participating in the financial assistance programs under
15 such title IV, as calculated based on a student’s submis-
16 sion of the Free Application for Federal Student Aid and
17 in accordance with part F of such title IV.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for subchapter H of chapter 42 of the Internal Revenue
20 Code of 1986 is amended by adding at the end the fol-
21 lowing new item:

“Sec. 4969. Excise Tax on the Endowments of Certain Disqualified Colleges
and Universities.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years ending after July
3 1, 2025.

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