

116TH CONGRESS
1ST SESSION

S. _____

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

Mr. COONS (for himself and Ms. ROSEN) introduced the following bill; which
was read twice and referred to the Committee on _____

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 2019” 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, in 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 students enrolled
21 in the institution for the academic year.

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

24 “(i) includes—

25 “(I) expenditures for the colleges,
26 schools, departments, and other in-

1 instructional divisions of the institution
2 and expenses for departmental re-
3 search and public service that are not
4 separately budgeted;

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

12 “(III) expenses for both credit
13 and non-credit activities;

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

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

22 “(C) STUDENT SERVICES EXPENDI-
23 TURES.—The term ‘student services expendi-
24 tures’—

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

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

14 “(D) ACADEMIC SUPPORT EXPENDI-
15 TURES.—The term ‘academic support expendi-
16 tures’ includes—

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

21 “(I) the retention, preservation,
22 and display of educational materials;

23 “(II) organized activities that
24 provide support services to the aca-
25 demic functions of the institution;

1 “(III) media such as audiovisual
2 services;

3 “(IV) academic administration;
4 and

5 “(V) formally organized and sep-
6 arately budgeted academic personnel
7 development and course and cur-
8 riculum development expenses; and

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

17 “(E) FULL-TIME EQUIVALENT STUDENTS
18 ENROLLED.—The term ‘full-time equivalent
19 students enrolled’ means the number of full-
20 time students enrolled, plus—

21 “(i) in the case of an institution of
22 higher education that is a public, 4-year
23 institution—

1 “(I) the number of part-time un-
2 dergraduate students enrolled multi-
3 plied by **[0.403543]**; and

4 “(II) the number of part-time
5 graduate students enrolled multiplied
6 by **[0.361702]**;

7 “(ii) in the case of an institution of
8 higher education that is a private, non-
9 profit or for profit, 4-year institution—

10 “(I) the number of part-time un-
11 dergraduate students enrolled multi-
12 plied by **[0.392857]**; and

13 “(II) the number of part-time
14 graduate students enrolled multiplied
15 by **[0.382059]**;

16 “(iii) in the case of an institution of
17 higher education that is a public, 2-year
18 institution, the number of part-time under-
19 graduate students enrolled multiplied by
20 **[0.335737]**; and

21 “(iv) in the case of an institution of
22 higher education that is not described in
23 clause (i), (ii), or (iii), the number of part-
24 time undergraduate students enrolled mul-
25 tiplied by **[0.397058]**.

1 “(2) INSTITUTION OF HIGHER EDUCATION.—

2 The term ‘institution of higher education’ means an
3 institution of higher education (as defined in section
4 101(a)) or a proprietary institution of higher edu-
5 cation (as defined in section 102(b))—

6 “(A) that predominately awards more
7 bachelor’s degrees than associate’s degrees and
8 certificates; and

9 “(B) that enrolls not less than 30 first-
10 time, full-time, degree- or certificate-seeking un-
11 dergraduate students.

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

16 “(4) MODERATE-INCOME STUDENT.—The term
17 ‘moderate-income student’ means a student who is
18 eligible to receive a subsidized Federal Direct Staf-
19 ford Loan but not eligible to receive a Federal Pell
20 Grant.

21 “(5) REMEDIAL COURSE.—The term ‘remedial
22 course’ means a course of study that is determined
23 by the institution which offers such course to be nec-
24 essary to help a student be prepared for the pursuit

1 of a first undergraduate bachelor's degree but does
2 not count for credit toward the degree.

3 “(6) UNDERREPRESENTED MINORITY.—The
4 term ‘underrepresented minority’ means Alaskan
5 Native, Black (not of Hispanic origin), Hispanic (in-
6 cluding persons of Mexican, Puerto Rican, Cuban,
7 and Central or South American origin), Native
8 American, or Pacific Islander (including Native Ha-
9 waiian) minority group.

10 “(b) IMPROVING COLLEGE ACCESS.—

11 “(1) IN GENERAL.—

12 “(A) REQUIRED PARTICIPATION.—In order
13 for an institution of higher education to partici-
14 pate in any student financial assistance pro-
15 gram under this title, the institution shall par-
16 ticipate in the improving college access program
17 under this subsection.

18 “(B) NO CONDITION ON ELIGIBILITY FOR
19 PARTICIPATION FOR RANKING.—Eligibility to
20 participate in any student financial assistance
21 program under this title shall not be condi-
22 tioned on an institution's position on the rank-
23 ing completed under this subsection.

24 “(2) CALCULATION OF PERCENTAGES OF FED-
25 ERAL PELL GRANT RECIPIENTS.—

1 “(A) IN GENERAL.—For academic year
2 2020–2021 and for each succeeding academic
3 year, the Secretary shall determine, for each in-
4 stitution of higher education, the percentage of
5 bachelor’s degree-seeking students who enrolled
6 at the institution for the first-time in a full-
7 time capacity for the academic year who re-
8 ceived a Federal Pell Grant for such academic
9 year.

10 “(B) RANKING.—

11 “(i) IN GENERAL.—For academic year
12 2020–2021 and for each succeeding aca-
13 demic year, the Secretary shall rank the
14 institutions according to the percentages
15 determined under subparagraph (A).

16 “(ii) TRIGGER MARK.—For academic
17 year 2020–2021 and for each succeeding
18 academic year, the Secretary shall deter-
19 mine, based on the rankings under this
20 subparagraph, the percentage, determined
21 under subparagraph (A), at which and
22 above which marks the top 95 percent of
23 those institutions ranked.

24 “(C) SAFE HARBOR REACHED.—

1 “(i) SAFE HARBOR MARK.—For aca-
2 demic year 2020–2021, the Secretary shall
3 determine, based on the rankings under
4 subparagraph (B)(i) for such academic
5 year, the percentage, determined under
6 subparagraph (A), at which and above
7 which marks the top 90 percent of those
8 institutions ranked.

9 “(ii) COMPARISON OF TRIGGER MARK
10 TO SAFE HARBOR MARK.—If the trigger
11 mark determined under subparagraph
12 (B)(ii) for an academic year is at or above
13 the safe harbor mark determined under
14 clause (i), no institution shall be subject to
15 the provisions of paragraph (3) for such
16 academic year.

17 “(3) CONSEQUENCES OF LOW RANKING.—

18 “(A) NOTIFICATION.—

19 “(i) IN GENERAL.—Subject to para-
20 graph (2)(C)(ii), for academic year 2020–
21 2021 and for each succeeding academic
22 year, the Secretary shall notify each insti-
23 tution of higher education that is in the
24 bottom 5 percent of those institutions
25 ranked under paragraph (2)(B)—

11

1 “(I) that the institution is in
2 such bottom 5 percent of those insti-
3 tutions ranked;

4 “(II) of the trigger mark de-
5 scribed in paragraph (2)(B)(ii) that
6 such institution must meet or rise
7 above; and

8 “(III) that the institution has 90
9 days to appeal to the Secretary to be
10 removed from the bottom 5 percent of
11 those institutions ranked.

12 “(ii) APPEAL.—An institution of high-
13 er education that is in the bottom 5 per-
14 cent of those institutions ranked under
15 paragraph (2)(B) for an academic year
16 may appeal to the Secretary, within 90
17 days of the notification under clause (i), to
18 be removed from such bottom 5 percent
19 ranking if—

20 “(I) the Secretary’s calculation of
21 its ranking is not accurate, and that
22 recalculation of such ranking would
23 raise the ranking of the institution
24 above the bottom 5 percent of those
25 institutions ranked; or

1 “(II) the institution’s percentage
2 of all bachelor’s degree-seeking stu-
3 dents enrolled at the institution who
4 received a Federal Pell Grant for the
5 academic year is sufficiently high, as
6 determined by the Secretary.

7 “(iii) AUTOMATIC REMOVAL.—An in-
8 stitution of higher education that is in the
9 bottom 5 percent of those institutions
10 ranked under paragraph (2)(B) for an aca-
11 demic year but whose average percentage
12 for the academic year and the 2 preceding
13 academic years of bachelor’s degree-seek-
14 ing students who enrolled at the institution
15 for the first-time in a full-time capacity for
16 the academic year and the 2 preceding aca-
17 demic years who received a Federal Pell
18 Grant for the academic year and the 2 pre-
19 ceding academic years is at or above the
20 trigger mark described in paragraph
21 (2)(B)(ii) for the academic year, shall be
22 automatically removed from such bottom 5
23 percent ranking.

24 “(B) PLAN.—An institution of higher edu-
25 cation that is in the bottom 5 percent of those

1 institutions ranked under paragraph (2)(B) for
2 an academic year and not removed under sub-
3 paragraph (A) shall develop a plan, not later
4 than 1 year after the date of the notification
5 under subparagraph (A)(i) and in consultation
6 with the Secretary, to meet or rise above the
7 trigger mark described in paragraph (2)(B)(ii)
8 applicable for the academic year for which the
9 institution is in the bottom 5 percent of those
10 institutions ranked and not removed.

11 “(C) CALCULATION OF AVERAGE.—For
12 each institution of higher education that is in
13 the bottom 5 percent of those institutions
14 ranked under paragraph (2)(B) for an academic
15 year and not removed under subparagraph (A),
16 the Secretary shall—

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

22 “(ii) determine the average percentage
23 over the 3 succeeding academic years fol-
24 lowing the hold harmless academic year de-
25 scribed in clause (i) of bachelor’s degree-

1 seeking students who enrolled at the insti-
2 tution for the first-time in a full-time ca-
3 pacity for each of such 3 succeeding aca-
4 demic years who received a Federal Pell
5 Grant for each of such 3 succeeding aca-
6 demic years.

7 “(D) FAILURE TO IMPROVE.—

8 “(i) IN GENERAL.—Except as pro-
9 vided in clause (ii), if an institution of
10 higher education has an average percent-
11 age determined under subparagraph (C)(ii)
12 that is less than the trigger mark de-
13 scribed in paragraph (2)(B)(ii) for the aca-
14 demic year for which the institution is in
15 the bottom 5 percent of those institutions
16 ranked under paragraph (2)(B) and not
17 removed under subparagraph (A) that trig-
18 gered such determination, the Secretary
19 shall impose on such institution a penalty
20 described in subparagraph (E).

21 “(ii) DELAY OF PENALTY.—

22 “(I) IN GENERAL.—The Sec-
23 retary may delay imposing a penalty
24 described in subparagraph (E) with
25 respect to an institution that has an

1 average percentage determined under
2 subparagraph (C)(ii) that is less than
3 the trigger mark described in para-
4 graph (2)(B)(ii) for the academic year
5 for which the institution is in the bot-
6 tom 5 percent of those institutions
7 ranked under paragraph (2)(B) and
8 not removed under subparagraph (A)
9 that triggered such determination, but
10 whose percentage determined for the
11 most recent academic year is at or
12 above such trigger mark.

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

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

1 who enrolled at the institution for the
2 first-time in a full-time capacity for
3 each of such 3 preceding academic
4 years and who received a Federal Pell
5 Grant for each of such 3 preceding
6 academic years. If the institution has
7 an average percentage that is less
8 than the trigger mark described in
9 paragraph (2)(B)(ii) for the academic
10 year for which the institution is in the
11 bottom 5 percent of those institutions
12 ranked under paragraph (2)(B) and
13 not removed under subparagraph (A)
14 that triggered such determination, the
15 Secretary shall impose on such insti-
16 tution a penalty described in subpara-
17 graph (E).

18 “(E) PENALTIES.—

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

23 “(ii) AMOUNT OF PENALTY.—

24 “(I) IN GENERAL.—The penalty
25 to be imposed under this subpara-

graph with respect to an institution shall be a fee-per-student penalty, in which the number of additional students determined with respect to such institution under subclause (II) for an academic year is multiplied by the institution's average student-related expenditure for the academic year.

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

With respect to an institution of higher education that is subject to the penalty under this subparagraph, the Secretary shall determine the total number of additional students the institution would need to enroll over 3 years as Federal Pell Grant recipients to meet the trigger mark described in paragraph (2)(B)(ii). Such number shall be calculated by determining the percentage equal to subtracting the average percentage determined under subparagraph (C)(ii) from the trigger mark described in paragraph (2)(B)(ii) for the academic year for

1 which the institution is in the bottom
2 5 percent of those institutions ranked
3 under paragraph (2)(B) and not re-
4 moved under subparagraph (A) that
5 triggered such determination, and
6 multiplying such determined percent-
7 age by the number of bachelor's de-
8 gree-seeking students who enrolled at
9 the institution for the first-time in a
10 full-time capacity for an academic
11 year over the 3 preceding academic
12 years.

13 “(iii) COLLECTION OF PENALTY
14 FEES.—The Secretary shall—

15 “(I) collect penalty fees imposed
16 under this paragraph not later than 1
17 year after such penalty is imposed;
18 and

19 “(II) use the fees collected under
20 subclause (I) to fund the completion
21 improvement program under sub-
22 section (d) and the completion bonus
23 program under subsection (e).

24 “(iv) PROHIBITION ON USE OF INSTI-
25 TUTIONAL NEED-BASED GRANT AID TO PAY

FEES.—An institution of higher education that is subject to a penalty under this paragraph may not, in order to pay such penalty fee—

“(I) reduce the amount of institutional need-based grant aid awarded to students to attend the institution; or

“(II) increase tuition or fees.

“(F) APPEALS.—

“(i) IN GENERAL.—An institution of higher education that is subject to a penalty under this paragraph may appeal the decision to impose such penalty or the amount of the penalty to the Secretary.

“(ii) CONTENT OF APPEAL.—The appeals process shall permit the institution to demonstrate, to the satisfaction of the Secretary—

“(I) that there was a miscalculation of the penalty amount; or

“(II) that there is some unforeseen and extreme circumstance that should warrant a waiver from such

1 penalty or a reduction in the amount
2 of such penalty.

3 “(c) IMPROVING COMPLETION.—

4 “(1) IN GENERAL.—

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

11 “(B) ELECTION BY PUBLIC OR OTHER
12 NONPROFIT INSTITUTIONS.—An institution of
13 higher education that is a public or other non-
14 profit institution of higher education may elect
15 for the Secretary not to impose on such institu-
16 tion a penalty described in paragraph (3)(E),
17 and the Secretary shall be bound by such elec-
18 tion. An institution that makes such election
19 shall be deemed to have participated in the im-
20 proving college completion program for the pur-
21 poses of satisfying the requirement of para-
22 graph (A) and shall not be eligible to receive a
23 grant under the completion improvement pro-
24 gram under subsection (d) or the completion
25 bonus program under subsection (e).

1 “(C) DEFINITION OF INSTITUTION OF
2 HIGHER EDUCATION.—In this subsection, the
3 term ‘institution of higher education’ means an
4 institution of higher education (as defined in
5 section 101(a)) or a proprietary institution of
6 higher education (as defined in section
7 102(b))—

8 “(i) that predominately awards more
9 bachelor’s degrees than associate’s degrees
10 and certificates; and

11 “(ii) that enrolls not less than 30
12 first-time, full-time bachelor’s degree- or
13 equivalent-degree-seeking undergraduate
14 students.

15 “(D) NO CONDITION ON ELIGIBILITY FOR
16 PARTICIPATION FOR RANKING.—Eligibility to
17 participate in any student financial assistance
18 program under this title shall not be condi-
19 tioned on an institution’s position on the rank-
20 ing completed under this subsection.

21 “(2) CALCULATION OF PERCENTAGES OF COM-
22 PLETION.—

23 “(A) IN GENERAL.—For academic year
24 2020–2021 and for each succeeding academic
25 year, the Secretary shall determine, for each in-

stitution of higher education that participates in any program under this title, the percentage of first-time, full-time bachelor's degree-seeking students who enrolled at the institution who graduate within 6 years.

“(B) RANKING.—

“(i) IN GENERAL.—For academic year 2020–2021 and for each succeeding academic year, the Secretary shall rank the institutions according to the percentages determined under subparagraph (A).

“(ii) TRIGGER MARK.—For academic year 2020–2021 and for each succeeding academic year, the Secretary shall determine, based on the rankings under clause (i), the percentage, determined under subparagraph (A), at which and above which marks the top 95 percent of the institutions ranked.

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

“(I) IN GENERAL.—For academic year 2020–2021 and for each succeeding academic year, the Secretary shall rank the institutions according

1 to the percentages determined under
2 subparagraph (A) in each peer group
3 of institutions described in subclause
4 (II).

5 “(II) PEER GROUPS.—For aca-
6 demic year 2020–2021 and for each
7 succeeding academic year, the Sec-
8 retary shall establish peer groups of
9 institutions. Each peer group shall in-
10 clude approximately 10 to 15, but not
11 less than 3, institutions that are in-
12 cluded in such group based on similar
13 institutional characteristics. Such
14 characteristics shall include the fol-
15 lowing:

16 “(aa) The percentage of
17 first-time, full-time students en-
18 rolled at the institution who re-
19 ceive a Federal Pell Grant.

20 “(bb) The average SAT or
21 ACT score of first-time, full-time
22 students enrolled at the institu-
23 tion.

24 “(cc) The average high
25 school GPA of first-time, full-

1 time students enrolled at the in-
2 stitution.

3 “(dd) The institution’s aver-
4 age student-related expenditure.

5 “(ee) Other characteristics
6 that the Secretary determines are
7 appropriate.

8 “(III) PEER GROUP ADJUST-
9 MENT.—To provide for fair compari-
10 sons among institutions serving dif-
11 ferent student populations and insti-
12 tutional resources, an institution that
13 is in the bottom 5 percent of the insti-
14 tutions ranked under clause (i) but in
15 the top two-thirds of institutions
16 ranked in the institution’s peer group,
17 as determined under subclause (II),
18 shall be removed from the bottom 5
19 percent of the institutions ranked
20 under clause (i). The Secretary shall
21 not impose on such an institution a
22 penalty described in paragraph
23 (3)(E).

24 “(C) SAFE HARBOR REACHED.—

1 “(i) SAFE HARBOR MARK.—For aca-
2 demic year 2020–2021, the Secretary shall
3 determine, based on the rankings under
4 subparagraph (B)(i) for such academic
5 year, the percentage, determined under
6 subparagraph (A), at which and above
7 which marks the top 90 percent of those
8 institutions ranked.

9 “(ii) COMPARISON OF TRIGGER MARK
10 TO SAFE HARBOR MARK.—If the trigger
11 mark determined under subparagraph
12 (B)(ii) for an academic year is at or above
13 the safe harbor mark determined under
14 clause (i), no institution shall be subject to
15 the provisions of paragraph (3) for such
16 academic year.

17 “(3) CONSEQUENCES OF LOW RANKING.—

18 “(A) IN GENERAL.—

19 “(i) IN GENERAL.—Subject to para-
20 graph (2)(C)(ii), for academic year 2020–
21 2021 and for each succeeding academic
22 year, the Secretary shall notify each insti-
23 tution of higher education that is in the
24 bottom 5 percent of those institutions
25 ranked under paragraph (2)(B)(i) (and not

1 removed under paragraph
2 (2)(B)(iii)(III))—

3 “(I) that the institution is in
4 such bottom 5 percent of those insti-
5 tutions ranked for the academic year;

6 “(II) of the applicable trigger
7 mark described in paragraph
8 (2)(B)(ii) that such institution must
9 meet or rise above; and

10 “(III) that the institution has 90
11 days to appeal to the Secretary to be
12 removed from the bottom 5 percent of
13 those institutions ranked.

14 “(ii) APPEAL.—An institution of high-
15 er education that is in the bottom 5 per-
16 cent of those institutions ranked under
17 paragraph (2)(B)(i) (and not removed
18 under paragraph (2)(B)(iii)(III)) for an
19 academic year may appeal to the Sec-
20 retary, within 90 days of the notification
21 under clause (i), to be removed from such
22 bottom 5 percent ranking if the Secretary’s
23 calculation of its ranking is not accurate,
24 and that recalculation of such ranking
25 would raise the ranking of the institution

1 above the bottom 5 percent of those insti-
2 tutions ranked.

3 “(iii) AUTOMATIC REMOVAL.—An in-
4 stitution of higher education that is in the
5 bottom 5 percent of those institutions
6 ranked under paragraph (2)(B)(i) (and not
7 removed under paragraph (2)(B)(iii)(III))
8 for an academic year but whose average
9 percentage for the academic year and the
10 2 preceding academic years of first-time,
11 full-time bachelor’s degree-seeking students
12 who enrolled at the institution who grad-
13 uate within 6 years is at or above the trig-
14 ger mark described in paragraph (2)(B)(ii)
15 for the academic year, shall be automati-
16 cally removed from such bottom 5 percent
17 ranking.

18 “(B) PLAN.—For academic year 2020–
19 2021 and for each fifth succeeding academic
20 year, an institution of higher education that is
21 in the bottom 5 percent of those institutions
22 ranked under paragraph (2)(B) and not re-
23 moved under paragraph (2)(B) or subparagraph
24 (A) shall develop a plan, not later than 1 year
25 after the date of the notification under subpara-

graph (A)(i) and in consultation with the Secretary, to meet or rise above the trigger mark described in paragraph (2)(B)(ii), applicable for the academic year for which this institution is in the bottom 5 percent of those institutions ranked under paragraph (2)(B) and not removed under paragraph (2)(B) or subparagraph (A) that triggered such determination.

“(C) CALCULATION OF AVERAGE.—

“(i) IN GENERAL.—For academic year 2020–2021 and for each fifth succeeding academic year, for each institution of higher education that is in the bottom 5 percent of those institutions ranked under paragraph (2)(B) and not removed under paragraph (2)(B) or subparagraph (A) for an academic year, the Secretary shall—

“(I) grant the institution 2 hold harmless years for the academic years succeeding the academic year for which the institution receives notification under subparagraph (A)(i); and

“(II) determine the average percentage over the 3 succeeding academic years (as determined under

1 clause (ii)) following the hold harm-
2 less academic years described in
3 clause (i) of first-time, full-time bach-
4 elor's degree-seeking students who en-
5 rolled at the institution who graduate
6 within 6 years.

7 “(ii) UNDER-RESOURCED YEARS.—In
8 determining the 3 succeeding academic
9 years under clause (i)(II), the Secretary
10 shall skip any academic year that succeeds
11 an academic year for which less than
12 \$25,000,000 is collected under subsection
13 (b)(3)(E).

14 “(D) FAILURE TO IMPROVE.—

15 “(i) IN GENERAL.—Except as pro-
16 vided in clause (ii) or paragraph (1)(B), if
17 an institution of higher education has an
18 average percentage determined under sub-
19 paragraph (C)(i)(II) that is less than the
20 applicable trigger mark described in para-
21 graph (2)(B)(ii), the Secretary shall im-
22 pose on such institution a penalty de-
23 scribed in subparagraph (E).

24 “(ii) DELAY OF PENALTY.—

1 “(I) IN GENERAL.—The Sec-
2 retary may delay imposing a penalty
3 described in subparagraph (E) with
4 respect to an institution that has an
5 average percentage determined under
6 subparagraph (C)(i)(II) that is less
7 than the applicable trigger mark de-
8 scribed in paragraph (2)(B)(ii), but
9 whose percentage determined for the
10 most recent academic year is at or
11 above such trigger 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 AVERAGE.—With re-
17 spect to an institution for which the
18 Secretary delays imposing a penalty
19 under this clause for a period of not
20 more than 2 years, the Secretary, at
21 the end of such delay period, shall de-
22 termine the average percentage over
23 the 3 preceding years of first-time,
24 full-time bachelor’s degree-seeking
25 students who enrolled at the institu-

tion who graduate within 6 years. If the institution has an average percentage that is less than the trigger mark described in paragraph (2)(B)(ii), the Secretary shall impose on such institution a penalty described in subparagraph (E).

“(E) PENALTIES.—

“(i) FIRST PENALTY YEAR.—

“(I) IN GENERAL.—Beginning with the fifth academic year after which penalty fees are collected under subsection (b)(3)(E), an institution of higher education that is subject to a penalty under this paragraph—

“(aa) that is a proprietary institution of higher education (as defined in section 102(b)), shall pay to the Secretary a \$1,000,000 penalty; and

“(bb) that is not a proprietary institution of higher education (as defined in section 102(b)), shall pay to the Secretary for an academic year an

1 amount equal to 25 percent of
2 the total amount of funds made
3 available under subsection (d) to
4 the institution during the 4 aca-
5 demic years preceding the aca-
6 demic year for which the penalty
7 is due under this paragraph.

8 “(II) USE OF PENALTIES.—The
9 Secretary shall use the penalty fees
10 under this clause to fund the comple-
11 tion improvement program under sub-
12 section (d) and the completion bonus
13 program under subsection (e).

14 “(ii) SECOND PENALTY YEAR.—One
15 year after the first academic year for
16 which an institution of higher education
17 that is not a proprietary institution of
18 higher education (as defined in section
19 102(b)) pays a penalty under clause
20 (i)(I)(bb), the Secretary shall determine
21 the average percentage for such year after
22 such first academic year and the 2 pre-
23 ceding academic years of first-time, full-
24 time bachelor’s degree-seeking students
25 who enrolled at the institution who grad-

uate within 6 years. If such average percentage is less than the trigger mark described in paragraph (2)(B)(ii) for such year after such first academic year, the institution of higher education shall pay to the Secretary for such year after such first academic year an amount equal to 40 percent of the total amount of funds made available under subsection (d) to the institution during the 5 academic years preceding the academic year for which the penalty is due under this clause. The Secretary shall use such penalty fees to fund the completion improvement program under subsection (d) and the completion bonus program under subsection (e).

“(iii) THIRD PENALTY YEAR.—Two years after the first academic year for which an institution of higher education that is not a proprietary institution of higher education (as defined in section 102(b)) pays a penalty under clause (i)(I)(bb), the Secretary shall determine the average percentage for such second year after such first academic year and the

2 preceding academic years of first-time, full-time bachelor's degree-seeking students who enrolled at the institution who graduate within 6 years. If such average percentage is less than the trigger mark described in paragraph (2)(B)(ii) for such second year after such first academic year, the institution of higher education shall pay to the Secretary for such second year after such first academic year an amount equal to 50 percent of the total amount of funds made available under subsection (d) to the institution during the 6 academic years preceding the academic year for which the penalty is due under this clause. The Secretary shall use such penalty fees to fund the completion improvement program under subsection (d) and the completion bonus program under subsection (e).

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

“(I) shall ensure that students enrolled at the institution receive the full amount of funding under this title

1 they would otherwise have received
2 had the institution not been subject to
3 such penalty; and

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

6 “(aa) reduce the amount of
7 institutional need-based grant aid
8 awarded to students to attend
9 the institution; and

10 “(bb) raise tuition or fees.

11 “(v) WAIVER.—The Secretary may
12 waive or reduce a penalty under this sub-
13 paragraph if the Secretary determines such
14 a waiver is necessary to avoid extreme
15 hardship for the students enrolled at the
16 institution of higher education on which
17 the penalty would be imposed.

18 “(vi) PAYMENT PLAN.—The Secretary
19 may allow an institution of higher edu-
20 cation that owes a penalty under this sub-
21 paragraph to enter into a payment plan to
22 pay such penalty amount.

23 “(F) APPEALS.—

24 “(i) IN GENERAL.—An institution of
25 higher education that is subject to a pen-

1 alty under this paragraph may appeal the
2 decision to impose such penalty to the Sec-
3 retary.

4 “(ii) CONTENT OF APPEAL.—The ap-
5 peals process shall permit the institution to
6 demonstrate, to the satisfaction of the Sec-
7 retary that there is some unforeseen and
8 extreme circumstance that should warrant
9 a waiver from such penalty, a reduction in
10 the amount of such penalty, or removal of
11 the institution from the bottom 5 percent
12 of those institutions ranked under para-
13 graph (2)(B).

14 “(d) COMPLETION IMPROVEMENT PROGRAM.—

15 “(1) IN GENERAL.—From funds available
16 under paragraph (5), the Secretary shall establish a
17 completion improvement program to award grants to
18 eligible institutions of higher education to support
19 reforms to improve completion rates.

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

23 “(A) is a public or other nonprofit institu-
24 tion of higher education that is in the bottom

1 5 percent of those institutions ranked under
2 subsection (c)(2)(B);

3 “(B) has not been removed from the bot-
4 tom 5 percent of those institutions ranked pur-
5 suant to paragraph (2)(B)(iii)(III) or (3)(A) of
6 subsection (c); and

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

9 “(3) DETERMINATION OF GRANT AMOUNT.—

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

15 “(B) GRANT AMOUNT FORMULA.—

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

24 “(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 ceding 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. An eligible
9 institution may choose to receive a grant
10 amount that is less than \$2,000,000. Any
11 amounts available under paragraph (5) for
12 such fiscal year that are remaining after
13 awarding grants in accordance with this
14 subparagraph shall be used to carry out
15 the completion bonus program under sub-
16 section (e).

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

23 “(A) Increasing funds available for Federal
24 Work-Study Programs for undergraduate stu-
25 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 from the penalty
23 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—

10 “(A) is not in the bottom 5 percent of
11 those institutions ranked under subsection
12 (c)(2)(B); and

13 “(B) is not in the bottom 5 percent of
14 those institutions ranked under subsection
15 (b)(2)(B).

16 “(3) APPLICATION AND PRIORITY.—

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

22 “(B) CONSIDERATION AND PRIORITY.—In
23 awarding grants under this subsection, the Sec-
24 retary—

1 “(i) may consider an eligible institu-
2 tion’s affordability, student loan repayment
3 rate, and other factors; and

4 “(ii) shall give priority to an eligible
5 institution that is a part B institution (as
6 defined in section 322) or a minority-serv-
7 ing institution (as described in section
8 371(a)).

9 “(4) USE OF FUNDS.—An eligible institution
10 that receives a grant under this subsection shall use
11 the grant funds for reforms and practices to improve
12 completion rates, which may include the following:

13 “(A) Increasing funds available for Federal
14 Work-Study Programs for undergraduate stu-
15 dents.

16 “(B) Increasing need-based institutional
17 aid to students who are eligible for Federal Pell
18 Grants.

19 “(C) Enhancing academic advising and
20 student support services.

21 “(D) Expanding accelerated learning op-
22 portunities.

23 “(E) Improving remedial course offerings.

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

1 “(G) Enhancing regular and proactive ca-
2 reer advising and loan counseling services, in-
3 cluding post-enrollment services.

4 “(H) Efforts to close completion gaps—
5 “(i) between non-low-income or work-
6 ing class students and low-income or work-
7 ing class students; and

8 “(ii) between non-underrepresented
9 minority students and underrepresented
10 minority students.

11 “(I) Enhancing the quality of the institu-
12 tion’s academic programs.

13 “(5) AVAILABLE FUNDS.—Funds shall be avail-
14 able to carry out this subsection from funds from
15 the penalty fees collected under subsections
16 (b)(3)(E) and (c)(3)(E) that are remaining after
17 grants are awarded for the completion improvement
18 program under subsection (d).

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

20 “(1) IN GENERAL.—The Secretary shall award
21 non-financial rewards to institutions of higher edu-
22 cation that have a proven record of making college
23 more affordable and increasing college access and
24 success for low-income or working class students and
25 moderate-income students.

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

5 “(A) the percentage of first-time, full-time
6 bachelor’s degree-seeking students who enrolled
7 at the institution for the academic year who re-
8 ceived a Federal Pell Grant for such academic
9 year falls within the top 50 percent of ranked
10 institutions, as determined by the Secretary for
11 the academic year;

12 “(B) the percentage of first-time, full-time
13 bachelor’s degree-seeking students who enrolled
14 at the institution who graduate within 6 years
15 falls within the top 25 percent of ranked insti-
16 tutions, as determined by the Secretary for the
17 academic year; and

18 “(C) the institution is not under Federal
19 investigation for a sanction for an academic or
20 financial irregularity.

21 “(3) APPLICATIONS.—An institution of higher
22 education that desires to receive a non-financial re-
23 ward under this subsection shall submit an applica-
24 tion to the Secretary at such time, in such manner,

1 and containing such information as the Secretary
2 may require.

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

7 “(A) between non-low-income or working
8 class students and low-income or working class
9 students; and

10 “(B) between non-underrepresented minor-
11 ity students and underrepresented minority stu-
12 dents.

13 “(5) NON-FINANCIAL REWARDS.—Non-financial
14 rewards under this subsection may include the fol-
15 lowing:

16 “(A) Reporting less frequently and avoid-
17 ing duplicative reporting requirements.

18 “(B) Extra points in Department grant
19 competitions for which institutions of higher
20 education are eligible entities.

21 “(C) Waiving the multiple disbursement
22 rule or disbursement delays.

23 “(D) Preferable status for experimental
24 sites.

1 “(g) BEST PRACTICES.—The Secretary shall estab-
2 lish a publicly available electronic database identifying
3 best practices—

4 “(1) of institutions of higher education that
5 were in the bottom 5 percent of those institutions
6 ranked under the improving college access program
7 under subsection (b) or the improving college com-
8 pletion program under subsection (c) for academic
9 year 2017–2018 or for any succeeding academic
10 year and that have improved their ranking;

11 “(2) of eligible institutions of higher education
12 awarded grants under the completion bonus program
13 under subsection (e) to support reforms to improve
14 completion rates; and

15 “(3) that the Secretary has determined in car-
16 rying out this section.

17 “(h) ACCOUNTABILITY RULE OF CONSTRUCTION.—
18 Nothing in this section shall be construed to affect ac-
19 countability provisions under other sources of law.

20 “(i) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated to carry out this section
22 such sums as may be necessary.”.

23 (b) REPORT TO CONGRESS.—Not later than 2 years
24 after the date of enactment of this Act, the Secretary of
25 Education shall submit a report to Congress that provides

1 recommendations on ways to expand section 493E of the
2 Higher Education Act of 1965, as added by subsection
3 (a), to institutions with predominantly associate's-degree
4 seeking students, as well as other institutions of higher
5 education not covered by such section.