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 Mr. Isakson) 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 2016” or the
6 “ASPIRE Act”.

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

(a) In General.—Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.) is amended by adding at the end the following:

“SEC. 493E. IMPROVING COLLEGE ACCESS AND COMPLETION FOR ALL STUDENTS.

“(a) Definitions.—Except as otherwise provided in this section, in this section:

“(1) Average student-related expenditure.—

“(A) In General.—The term ‘average student-related expenditure’ means, with respect to the most recent fiscal year ending before the October of an academic year, the total amount of an institution’s instructional expenditures, student services expenditures, and the proportion of academic support expenditures that goes towards instruction, divided by the number of full-time equivalent undergraduate students enrolled in the institution for the academic year.

“(B) Instructional expenditures.—The term ‘instructional expenditures’—

“(i) includes—
“(I) expenditures for the colleges, schools, departments, and other instructional divisions of the institution and expenses for departmental research and public service that are not separately budgeted;

“(II) general academic instruction, occupational and vocational instruction, community education, preparatory and adult basic education, and remedial and tutorial instruction conducted by the teaching faculty for the institution’s students; and

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

“(ii) may include information technology expenses related to instructional activities if the institution separately budgets and expenses information technology resources; and

“(iii) does not include expenses for academic administration where the primary function is administration.
“(C) **Student Services Expenditures.**—The term ‘student services expenditures’—

“(i) includes expenses for admissions, registrar activities, and activities whose primary purpose is to contribute to the emotional and physical well-being of students and to their intellectual, cultural, and social development outside the context of the formal instructional program; and

“(ii) may include information technology expenses related to student service activities if the institution separately budgets and expenses information technology resources, otherwise these expenses are included in institutional support.

“(D) **Academic Support Expenditures.**—The term ‘academic support expenditures’ includes—

“(i) expenses of activities and services that support the institution’s primary missions of instruction, research, and public service, including—

“(I) the retention, preservation, and display of educational materials;
“(II) organized activities that provide support services to the academic functions of the institution;

“(III) media such as audiovisual services;

“(IV) academic administration;

and

“(V) formally organized and separately budgeted academic personnel development and course and curriculum development expenses; and

“(ii) information technology expenses related to academic support activities or, if an institution does not separately budget and expense information technology resources, the costs associated with the three primary programs shall be applied to this function and the remainder to institutional support.

“(E) FULL-TIME EQUIVALENT UNDERGRADUATE STUDENTS ENROLLED.—The term ‘full-time equivalent undergraduate students enrolled’ means the number of full-time undergraduate students enrolled, plus—
“(i) in the case of an institution of higher education that is a public, 4-year institution, the number of part-time undergraduate students enrolled multiplied by 0.403543;

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

“(iii) in the case of an institution of higher education that is a public, 2-year institution, the number of part-time undergraduate students enrolled multiplied by 0.335737; and

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

“(2) INSTITUTION OF HIGHER EDUCATION.— The term ‘institution of higher education’ means an institution of higher education (as defined in section 101(a)) or a proprietary institution of higher education (as defined in section 102(b))—
“(A) that predominately awards more bachelor’s degrees than associate’s degrees and certificates; and

“(B) that enrolls not less than 30 first-time, full-time, degree- or certificate-seeking undergraduate students.

“(3) Low-income or working class student.—The term ‘low-income or working class student’ means a student who is eligible to receive a Federal Pell Grant.

“(4) Moderate-income student.—The term ‘moderate-income student’ means a student who is eligible to receive a Federal Direct Stafford Loan but not eligible to receive a Federal Pell Grant.

“(5) Remedial course.—The term ‘remedial course’ means a course of study that is determined by the institution which offers such course to be necessary to help a student be prepared for the pursuit of a first undergraduate bachelor’s degree but does not count for credit toward the degree.

“(6) Underrepresented minority.—The term ‘underrepresented minority’ means American Indian, Alaskan Native, Black (not of Hispanic origin), Hispanic (including persons of Mexican, Puerto
Rican, Cuban, and Central or South American origin), or Pacific Islander minority group.

“(b) IMPROVING COLLEGE ACCESS.—

“(1) IN GENERAL.—In order for an institution of higher education to participate in any student financial assistance program under this title, the institution shall comply with the improving college access program under this subsection.

“(2) CALCULATION OF PERCENTAGES OF FEDERAL PELL GRANT RECIPIENTS.—

“(A) IN GENERAL.—For academic year 2017–2018 and for each succeeding academic year, the Secretary shall determine, for each institution of higher education, the percentage of bachelor’s degree-seeking students who enrolled at the institution for the first-time in a full-time capacity for the academic year who received a Federal Pell Grant for such academic year.

“(B) RANKING.—

“(i) IN GENERAL.—For academic year 2017–2018 and for each succeeding academic year, the Secretary shall rank the institutions according to the percentages determined under subparagraph (A).
“(ii) Threshold Mark.—For academic year 2017–2018 and for each succeeding academic year, the Secretary shall determine, based on the rankings under this subparagraph, the percentage, determined under subparagraph (A), at which and above which marks the top 95 percent of those institutions ranked.

“(C) Floor reached.—

“(i) Floor Mark.—For academic year 2017–2018, the Secretary shall determine, based on the rankings under subparagraph (B)(i) for such academic year, the percentage, determined under subparagraph (A), at which and above which marks the top 90 percent of those institutions ranked.

“(ii) Comparison of Threshold Mark to Floor Mark.—If the threshold mark determined under subparagraph (B)(ii) for an academic year is at or above the floor mark determined under clause (i), no institution shall be subject to the provisions of paragraph (3) for such academic year.
“(3) Consequences of low ranking.—

“(A) Notification.—

“(i) In general.—

“(I) In general.—Subject to paragraph (2)(C)(ii), for academic year 2017–2018 and for each succeeding academic year, the Secretary shall notify each institution of higher education that is in the bottom 5 percent of those institutions ranked under paragraph (2)(B)—

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

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

“(cc) that the institution has 90 days to appeal to the Secretary to be removed from the bottom 5 percent of those institutions ranked.

“(II) Appeal.—An institution of higher education that is in the bottom
5 percent of those institutions ranked under paragraph (2)(B) for an academic year may appeal to the Secretary, within 90 days of the notification under subclause (I), to be removed from such bottom 5 percent ranking if—

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

“(bb) the institution’s average percentage for the academic year and the 2 preceding academic years of bachelor’s degree-seeking students who enrolled at the institution for the first-time in a full-time capacity for the academic year and the 2 preceding academic years who received a Federal Pell Grant for the academic year and the 2 pre-
ceeding academic years is at or
above the threshold mark de-
scribed in paragraph (2)(B)(ii)
for the academic year; or

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

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

“(B) PLAN.—An institution of higher education that is included in the report under subparagraph (A)(ii) shall develop a plan, not later than 1 year after the date of the notification under subparagraph (A)(i)(I) and in consultation with the Secretary, to meet or rise above the threshold mark described in paragraph (2)(B)(ii) applicable for the academic year for which this institution was included in the report under subparagraph (A)(ii) that triggered such determination.

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

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

“(ii) determine the average percentage over the 3 succeeding academic years fol-
allowing the hold harmless academic year described in clause (i) of bachelor’s degree-seeking students who enrolled at the institution for the first-time in a full-time capacity for each of such 3 succeeding academic years who received a Federal Pell Grant for each of such 3 succeeding academic years.

“(D) Failure to improve.—

“(i) In general.—Except as provided in clause (ii), if an institution of higher education has an average percentage determined under subparagraph (C)(ii) that is less than the threshold mark described in paragraph (2)(B)(ii) for the academic year for which the institution was included in the report under subparagraph (A)(ii) that triggered such determination, the Secretary shall impose on such institution a penalty described in subparagraph (E).

“(ii) Delay of penalty.—

“(I) In general.—The Secretary may delay imposing a penalty described in subparagraph (E) with
respect to an institution that has an average percentage determined under subparagraph (C)(ii) that is less than the threshold mark described in paragraph (2)(B)(ii) for the academic year for which the institution was included in the report under subparagraph (A)(ii) that triggered such determination, but whose percentage determined for the most recent academic year is at or above such threshold mark.

“(II) **PERIOD OF DELAY.**—The Secretary may delay imposing a penalty under subclause (I) for a period of not more than 2 years.

“(III) **NEW 3-YEAR AVERAGE.**—With respect to an institution for which the Secretary delays imposing a penalty under this clause for a period of not more than 2 years, the Secretary, at the end of such delay period, shall determine the average percentage over the 3 preceding years of bachelor’s degree-seeking students who enrolled at the institution for the
first-time in a full-time capacity for each of such 3 preceding academic years and who received a Federal Pell Grant for each of such 3 preceding academic years. If the institution has an average percentage that is less than the threshold mark described in paragraph (2)(B)(ii) for the academic year for which the institution was included in the report under subparagraph (A)(ii) that triggered such determination, the Secretary shall impose on such institution a penalty described in subparagraph (E).

“(E) PENALTIES.—

“(i) IN GENERAL.—The Secretary shall impose a penalty under this paragraph in an amount determined under this subparagraph.

“(ii) AMOUNT OF PENALTY.—

“(I) IN GENERAL.—The penalty to be imposed under this subparagraph with respect to an institution shall be a fee-per-student penalty, in which the number of additional stu-
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dents determined with respect to such
institution under subclause (II) for an
academic year is multiplied by the in-
stitution’s average student-related ex-
penditure for the academic year.

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

With respect to an institution of high-
er education that is subject to the
penalty under this subparagraph, the
Secretary shall determine the number
of additional students the institution
would need to enroll as Federal Pell
Grant recipients to meet the threshold
mark described in paragraph
(2)(B)(ii). Such number shall be cal-
culated by determining the percentage
equal to subtracting the average per-
centage determined under subpara-
graph (C)(ii) from the threshold mark
described in paragraph (2)(B)(ii) for
the academic year for which the insti-
tution was included in the report
under subparagraph (A)(ii) that trig-
gered such determination, and multi-
plying such determined percentage by
the average number of bachelor’s de-
gree-seeking students who enrolled at
the institution for the first-time in a
full-time capacity for an academic
year over the 3 preceding academic
years.

“(iii) Collection of penalty fees.—The Secretary shall—

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

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

“(iv) Prohibition on use of insti-
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 penalty or a reduction in the amount of such penalty.

“(e) Improving Completion.

“(1) In general.—
“(A) In General.—In order for an institution of higher education to participate in any student financial assistance program under this title, the institution shall comply with the improving college completion program under this subsection.

“(B) Election by Public or Other Nonprofit Institutions.—An institution of higher education that is a public or other nonprofit institution of higher education may elect for the Secretary not to impose on such institution a penalty described in paragraph (3)(E). An institution that makes such election shall not be eligible to receive a grant under the completion improvement program under subsection (d) or the completion bonus program under subsection (e).

“(C) Definition of Institution of Higher Education.—In this subsection, the term ‘institution of higher education’ means an institution of higher education (as defined in section 101(a)) or a proprietary institution of higher education (as defined in section 102(b))—
“(i) that predominately awards more bachelor’s degrees than associate’s degrees and certificates; and

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

“(2) Calculation of percentages of completion.—

“(A) In general.—For academic year 2017–2018 and for each succeeding academic year, the Secretary shall determine, for each institution 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 2017–2018 and for each succeeding academic year, the Secretary shall rank the institutions according to the percentages determined under subparagraph (A).

“(ii) Threshold mark.—For academic year 2017–2018 and for each suc-
ceeding 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 2017–2018 and for each suc-
ceeding academic year, the Secretary
shall rank the institutions according
to the percentages determined under
subparagraph (A) in each peer group
of institutions described in subclause
(II).

“(II) PEER GROUPS.—For aca-
demic year 2017–2018 and for each
succeeding academic year, the Sec-
retary shall establish peer groups of
institutions. Each peer group shall in-
clude approximately 10 to 15 institu-
tions that are included in such group
based on similar institutional charac-
teristics. Such characteristics shall in-
clude the following:

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

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

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

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

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

“(C) FLOOR REACHED.—

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

“(ii) **Comparison of threshold mark to floor mark.**—If the threshold mark determined under subparagraph (B)(ii) for an academic year is at or above the floor mark determined under clause (i), no institution shall be subject to the provisions of paragraph (3) for such academic year.

“(iii) **Consumer warnings.**—If the threshold mark determined under subparagraph (B)(ii) for an academic year is at or above the floor mark determined under clause (i)—

“(I) each institution with a percentage determined under subparagraph (A) that is less than the floor mark shall publish a consumer warning in a prominent place on the homepage of the institution’s website of the percentage of first-time, full-time bachelor’s degree-seeking students who enrolled at the institution who
graduate within 6 years for such academic year and at the beginning of each subsequent academic year until—

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

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

“(II) the Secretary shall issue a report that lists each institution described in subclause (I) along with the percentage of first-time, full-time bachelor’s degree-seeking students who enrolled at the institution who graduate within 6 years for such academic year.

“(3) CONSEQUENCES OF LOW RANKING.—

“(A) IN GENERAL.—

“(i) IN GENERAL.—Subject to paragraph (2)(C)(ii), for academic year 2017–2018 and for each succeeding academic
year, the Secretary shall notify each institution of higher education that is in the bottom 5 percent of those institutions ranked under paragraph (2)(B)(i)—

“(I) that the institution is in such bottom 5 percent of those institutions ranked and whether the institution is in the top two-thirds of institutions ranked in the institution’s peer group described in paragraph (2)(B)(iii) for the academic year;

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

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

“(ii) APPEAL.—An institution of higher education that is in the bottom 5 percent of those institutions ranked under paragraph (2)(B)(i) for an academic year may appeal to the Secretary, within 90 days of the notification under clause (i), to
be removed from such bottom 5 percent ranking if—

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

“(II) the institution’s average percentage for the 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 is at or above the threshold mark described in paragraph (2)(B)(ii) for the academic year; or

“(III) the institution is in the top two-thirds of institutions ranked in the institution’s peer group described in paragraph (2)(B)(iii) for the academic year.

“(iii) CONSUMER WARNING REPORT BY THE SECRETARY.—For academic year 2017–2018 and for each succeeding aca-
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For academic year 2017–2018 and for each fifth succeeding academic year, an institution of higher education that is included in the report under subparagraph (A)(iii) shall—

“(i) develop a plan, not later than 1 year after the date of the notification under subparagraph (A)(i) and in consultation with the Secretary, to meet or rise above the threshold mark described in paragraph (2)(B)(ii); and
“(ii) publish a consumer warning in a prominent place on the homepage of the institution’s website to students—

“(I) of such notification at the beginning of each academic year until the institution is no longer in the bottom 5 percent of those institutions ranked under paragraph (2)(B)(i); and

“(II) that if the institution is subject to a penalty under this paragraph, an undergraduate student who enrolls at such institution for the first time after the date the institution is subject to such penalty may lose eligibility to receive assistance for attendance at that institution under any program under this title.

“(C) Calculation of average.—

“(i) In general.—For academic year 2017–2018 and for each fifth succeeding academic year, for each institution of higher education that is included in the report under subparagraph (A)(iii) for an academic year, the Secretary shall—
(I) grant the institution a hold harmless year for the academic year succeeding the academic year for which the institution receives notification under subparagraph (A)(i); and

(II) determine the average percentage over the 4 succeeding academic years (as determined under clause (ii)) following the hold harmless academic year described in clause (i) of first-time, full-time bachelor’s degree-seeking students who enrolled at the institution who graduate within 6 years.

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

(D) FAILURE TO IMPROVE.—

(i) IN GENERAL.—Except as provided in clause (ii) or paragraph (1)(B), if an institution of higher education has an
average percentage determined under subparagraph (C)(i)(II) that is less than the applicable threshold mark described in paragraph (2)(B)(ii), the Secretary shall impose on such institution a penalty described in subparagraph (E).

“(ii) Delay of Penalty.—

“(I) In general.—The Secretary may delay imposing a penalty described in subparagraph (E) with respect to an institution that has an average percentage determined under subparagraph (C)(i)(II) that is less than the applicable threshold mark described in paragraph (2)(B)(ii), but whose percentage determined for the most recent academic year is at or above such threshold mark.

“(II) Period of delay.—The Secretary may delay imposing a penalty under subclause (I) for a period of not more than 2 years.

“(III) New average.—With respect to an institution for which the Secretary delays imposing a penalty
under this clause for a period of not more than 2 years, the Secretary, at the end of such delay period, shall determine the average percentage over the 4 preceding years of first-time, full-time bachelor’s degree-seeking students who enrolled at the institution who graduate within 6 years. If the institution has an average percentage that is less than the threshold 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.—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 shall pay to the Secretary for an academic year an amount equal to 25 percent of the total amount of funds made available under subsection (d) to the institution during the 4 academic
years preceding the academic year for which the penalty is due under this paragraph. The Secretary shall use such penalty fees to fund the completion improvement program under subsection (d) and the completion bonus program under subsection (e).

“(ii) SECOND PENALTY YEAR.—One year after the first academic year for which an institution of higher education is subject to a penalty under this paragraph, the Secretary shall determine the average percentage for such year after such first academic year and the 3 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 threshold 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 50 percent of the total amount of funds made available under sub-
section (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.—

“(I) Determination.—Two years after the first academic year for which an institution of higher education is subject to a penalty under this paragraph, the Secretary shall determine the average percentage for such second year after such first academic year and the 3 preceding academic years of first-time, full-time bachelor’s degree-seeking students who enrolled at the institution who graduate within 6 years.

“(II) Ineligibility.—If the average percentage determined under subclause (I) is less than the threshold mark described in paragraph
(2)(B)(ii) for such second year after such first academic year any undergraduate student who enrolls at the institution of higher education for the first time during the 3-year period that begins 2 years after the date the institution is subject to a penalty under this paragraph shall lose eligibility to receive assistance for attendance at such institution under any program under this title during such 3-year period.

“(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 they would otherwise have received had the institution not been subject to such penalty; and

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

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

“(bb) raise tuition or fees.

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

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

“(F) APPEALS.—

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

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

“(G) CONSUMER WARNING BY THE SECRETARY.—For academic year 2017–2018 and for each succeeding academic year, the Secretary shall issue a report listing each institution of higher education that is in the bottom 5 percent of those institutions ranked under paragraph (2)(B) for such academic year and, for each such institution, the percentage of first-time, full-time bachelor’s degree-seeking students who enrolled at the institution who graduate within 6 years, for such academic year.

“(d) COMPLETION IMPROVEMENT PROGRAM.—

“(1) IN GENERAL.—From funds available under paragraph (5), the Secretary shall establish a completion improvement program to award grants to eligible institutions of higher education to support reforms to improve completion rates.
“(2) Eligible Institutions.—An institution of higher education is eligible to receive a grant under this subsection if the institution—

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

“(B) has not elected to be exempt under subsection (e)(1)(B).

“(3) Determination of Grant Amount.—

“(A) In general.—In awarding grants under this subsection, the Secretary shall determine a grant amount for each eligible institution according to the formula under subparagraph (B).

“(B) Grant Amount Formula.—

“(i) In general.—Except as provided in clause (iii), the grant amount for an eligible institution described in paragraph (2) for a fiscal year shall be equal to the Pell weight of such institution for the fiscal year, determined under clause (ii), multiplied by the amount available under paragraph (5) for such fiscal year.

“(ii) Pell Weight.—
“(I) IN GENERAL.—The Pell weight of an eligible institution for a fiscal year shall be equal to a percentage that is determined by dividing the institution’s Pell enrollment determined under subclause (II) for the fiscal year by the total Pell enrollment determined under subclause (III) for the fiscal year.

“(II) INSTITUTION’S PELL ENROLLMENT.—An eligible institution’s Pell enrollment for a fiscal year shall be equal to the percentage of bachelor’s degree-seeking students enrolled at the institution for the academic year that ended immediately preceding such fiscal year who received a Federal Pell Grant for such academic year.

“(III) TOTAL PELL ENROLLMENT.—The total Pell enrollment for a fiscal year shall be equal to the sum of the percentages of bachelor’s degree-seeking students enrolled at each eligible institution, described in para-
graph (2), for the academic year that ended immediately preceding such fiscal year who received a Federal Pell Grant for such academic year.

“(iii) MAXIMUM GRANT AMOUNT.—

The maximum grant amount for an eligible institution described in paragraph (2) for a fiscal year shall be $2,000,000. Any amounts available under paragraph (5) for such fiscal year that are remaining after awarding grants in accordance with this subparagraph shall be used to carry out the completion bonus program under subsection (e).

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

“(A) Increasing funds available for Federal Work-Study Programs for undergraduate students.
“(B) Increasing need-based institutional aid to students who are eligible for Federal Pell Grants.

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

“(D) Expanding accelerated learning opportunities.

“(E) Improving remedial course offerings.

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

“(G) Enhancing regular and proactive career advising and loan counseling services, including post-enrollment services.

“(H) Efforts to close completion gaps—

“(i) between non-low-income or working class students and low-income or working class students; and

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

“(5) AVAILABLE FUNDS.—Funds shall be available to carry out this subsection only from the penalty fees collected under subsections (b)(3)(E) and (c)(3)(E).

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

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

“(3) APPLICATION AND PRIORITY.—

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

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

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

“(A) Increasing funds available for Federal Work-Study Programs for undergraduate students.

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

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

“(D) Expanding accelerated learning opportunities.

“(E) Improving remedial course offerings.

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

“(G) Enhancing regular and proactive career advising and loan counseling services, including post-enrollment services.

“(H) Efforts to close completion gaps—

“(i) between non-low-income or working class students and low-income or working class students; and

“(ii) between non-underrepresented minority students and underrepresented minority students.
“(5) AVAILABLE FUNDS.—Funds shall be available to carry out this subsection only from funds from the penalty fees collected under subsections (b)(3)(E) and (c)(3)(E) that are remaining after grants are awarded for the completion improvement program under subsection (d).

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

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

“(2) INSTITUTIONAL ELIGIBILITY.—An institution of higher education is eligible for a non-financial reward under this subsection for an academic year if—

“(A) the percentage of bachelor’s degree-seeking students who enrolled at the institution for the academic year who received a Federal Pell Grant for such academic year falls within the top 50 percent of ranked institutions, as determined by the Secretary for the academic year;
“(B) the percentage of first-time, full-time bachelor’s degree-seeking students who enrolled at the institution who graduate within 6 years falls within the top 25 percent of ranked institutions, as determined by the Secretary for the academic year; and

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

“(3) APPLICATIONS.—An institution of higher education that desires to receive a non-financial reward under this subsection shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

“(4) PRIORITY.—Priority in awarding non-financial rewards under this subsection shall go to institutions of higher education that have small or diminishing gaps in the completion rates—

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

“(B) between non-underrepresented minority students and underrepresented minority students.
“(5) NON-FINANCIAL REWARDS.—Non-financial rewards under this subsection may include the following:

“(A) Reporting less frequently and avoiding duplicative reporting requirements.

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

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

“(D) Preferable status for experimental sites.

“(g) BEST PRACTICES.—The Secretary shall establish a publicly available electronic database identifying best practices of—

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

“(2) eligible institutions of higher education awarded grants under the completion bonus program
under subsection (e) to support reforms to improve completion rates.

“(h) Authorization of Appropriations.—There are authorized to be appropriated to carry out this section such sums as may be necessary.”.

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