

114TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

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Mr. COONS (for himself and Mr. ISAKSON) introduced the following bill; which  
was read twice and referred to the Committee on \_\_\_\_\_

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## A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

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

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

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

8 “(a) DEFINITIONS.—Except as otherwise provided in  
9 this section, 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 undergraduate  
21 students enrolled in the institution for the aca-  
22 demic year.

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

25 “(i) includes—

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

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

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

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

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



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

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

6                   “(IV) academic administration;  
7                   and

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

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

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

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

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

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

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

21           “(2) INSTITUTION OF HIGHER EDUCATION.—

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

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

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

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

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

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

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

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

3 “(b) IMPROVING COLLEGE ACCESS.—

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

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

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

20 “(B) RANKING.—

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



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

9           “(C) FLOOR REACHED.—

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

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

1 “(3) CONSEQUENCES OF LOW RANKING.—

2 “(A) NOTIFICATION.—

3 “(i) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9           “(D) FAILURE TO IMPROVE.—

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

22           “(ii) DELAY OF PENALTY.—

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

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

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

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

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

15 “(E) PENALTIES.—

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

20 “(ii) AMOUNT OF PENALTY.—

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



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

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

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

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

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

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

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

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

5                   “(II) increase tuition or fees.

6                   “(F) APPEALS.—

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

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

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

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

23                  “(c) IMPROVING COMPLETION.—

24                         “(1) IN GENERAL.—

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

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

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

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

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

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

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

18                   “(B) RANKING.—

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

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

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

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

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

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

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

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

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

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

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

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

20                  “(C) FLOOR REACHED.—

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

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

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

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

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



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

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

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

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

21 “(3) CONSEQUENCES OF LOW RANKING.—

22 “(A) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19                   “(C) CALCULATION OF AVERAGE.—

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

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

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

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

22                   “(D) FAILURE TO IMPROVE.—

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

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

7 “(ii) DELAY OF PENALTY.—

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

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

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

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

15 “(E) PENALTIES.—

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



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

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

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

9 “(iii) THIRD PENALTY YEAR.—

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

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

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

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

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

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

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

1 awarded to students to attend  
2 the institution; and

3 “(bb) raise tuition or fees.

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

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

16 “(F) APPEALS.—

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

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

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

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

19 “(d) COMPLETION IMPROVEMENT PROGRAM.—

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

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

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

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

10           “(3) DETERMINATION OF GRANT AMOUNT.—

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

16                   “(B) GRANT AMOUNT FORMULA.—

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

25                           “(ii) PELL WEIGHT.—

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

10                   “(II) INSTITUTION’S PELL EN-  
11 ROLLMENT.—An eligible institution’s  
12 Pell enrollment for a fiscal year shall  
13 be equal to the percentage of bach-  
14 elor’s degree-seeking students enrolled  
15 at the institution for the academic  
16 year that ended immediately pre-  
17 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. Any  
9 amounts available under paragraph (5) for  
10 such fiscal year that are remaining after  
11 awarding grants in accordance with this  
12 subparagraph shall be used to carry out  
13 the completion bonus program under sub-  
14 section (e).

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

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



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

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

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

8           “(E) Improving remedial course offerings.

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

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

14           “(H) Efforts to close completion gaps—

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

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

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

25           “(e) COMPLETION BONUS PROGRAM.—

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

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

12           “(3) APPLICATION AND PRIORITY.—

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

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

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

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

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

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

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

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

13 “(E) Improving remedial course offerings.

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

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

19 “(H) Efforts to close completion gaps—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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