

117TH CONGRESS
1ST SESSION

H. R. 3946

To improve the structure of the Federal Pell Grant program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 2021

Mr. POCAN (for himself, Mr. SCOTT of Virginia, Mr. KILMER, Mr. SUOZZI, Mr. SMITH of Washington, Mr. MICHAEL F. DOYLE of Pennsylvania, Mr. TONKO, Ms. NORTON, Mrs. DEMINGS, Mr. CARSON, Ms. BUSH, Ms. LEE of California, Mr. MORELLE, Mr. WELCH, Mr. LAWSON of Florida, Mr. KHANNA, Mrs. BEATTY, Ms. ROSS, Mr. AUCHINCLOSS, Mr. TAKANO, Ms. OMAR, Mrs. HAYES, Ms. TLAIB, Mr. DESAULNIER, Mr. LANGEVIN, Ms. MATSUI, Mr. NADLER, Mr. ESPAILLAT, Mr. THOMPSON of Mississippi, Ms. WILSON of Florida, Mr. LEVIN of Michigan, Mr. GALLEGO, Ms. BONAMICI, Ms. MENG, Mrs. MCBATH, Mr. SABLAN, Mr. CÁRDENAS, Ms. SCHAKOWSKY, Mr. RASKIN, Mr. MFUME, Mr. JONES, Ms. ROYBAL-ALLARD, Mrs. WATSON COLEMAN, Mr. SWALWELL, Mr. GRIJALVA, Mr. BRENDAN F. BOYLE of Pennsylvania, Ms. NEWMAN, Ms. JOHNSON of Texas, Mr. BLUMENAUER, Mr. GARAMENDI, Mr. COURTNEY, Ms. LEGER FERNANDEZ, Ms. JAYAPAL, Mr. EVANS, Mr. SIRES, Mr. CICILLINE, Mr. DANNY K. DAVIS of Illinois, and Mr. LOWENTHAL) introduced the following bill; which was referred to the Committee on Education and Labor, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To improve the structure of the Federal Pell Grant program,
and for other purposes.

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 “Pell Grant Preserva-
5 tion and Expansion Act of 2021”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) The United States needs individuals with
9 the knowledge, skills, and abilities that enable them
10 to thrive as educated citizens in society and success-
11 fully participate in an interconnected economy.

12 (2) Investments in higher education through
13 student aid such as the Federal Pell Grant program
14 under section 401 of the Higher Education Act of
15 1965 (20 U.S.C. 1070a) help students and families
16 reach, afford, and complete education and training
17 opportunities beyond high school.

18 (3) The Federal Pell Grant program is the larg-
19 est source of federally funded grant aid for postsec-
20 ondary education.

21 (4) The Federal Pell Grant program allows mil-
22 lions of people of the United States to attend college
23 and is especially vital for students of color. Three in
24 5 African American undergraduate students, and

1 one-half of all Latino undergraduate students, rely
2 on the Federal Pell Grant program.

3 (5) The Federal Pell Grant program should
4 continue to be a reliable source of funding for aspir-
5 ing students, their families, and future generations
6 that they can count on to be there for them when
7 they seek higher education.

8 (6) To stabilize Federal Pell Grant funding and
9 ensure the grant will continue to serve millions of
10 students now and in the future, the program should
11 become a fully mandatory program that grows with
12 inflation.

13 (7) Restoring prior eligibility cuts and expand-
14 ing access to underserved students will give millions
15 of students and families the critical student aid sup-
16 port they need and deserve.

17 **SEC. 3. TABLE OF CONTENTS; REFERENCES.**

18 (a) TABLE OF CONTENTS.—The table of contents of
19 this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Findings.
- Sec. 3. Table of contents; references.
- Sec. 4. Doubling Federal Pell Grants and providing all Federal Pell Grants through mandatory funding.
- Sec. 5. Providing increased Federal Pell Grants and other assistance for recipients of means-tested benefits.
- Sec. 6. Federal Pell Grant eligibility for dreamer students.
- Sec. 7. Providing Federal Pell Grants for dependents of fallen heroes.
- Sec. 8. Restoring the total semesters of Federal Pell Grant eligibility.
- Sec. 9. Reducing financial aid penalties from satisfactory academic progress determinations.
- Sec. 10. Conforming amendments.
- Sec. 11. Effective date.

1 (b) REFERENCES.—Except as otherwise expressly
2 provided, whenever in this Act an amendment or repeal
3 is expressed in terms of an amendment to, or repeal of,
4 a section or other provision, the reference shall be consid-
5 ered to be made to a section or other provision of the
6 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

7 **SEC. 4. DOUBLING FEDERAL PELL GRANTS AND PRO-**
8 **VIDING ALL FEDERAL PELL GRANTS**
9 **THROUGH MANDATORY FUNDING.**

10 (a) AMOUNT OF MINIMUM FEDERAL PELL
11 GRANTS.—Section 401 (20 U.S.C. 1070a), as amended by
12 section 703 of the FAFSA Simplification Act (title VII
13 of division FF of Public Law 116–260) (referred to in
14 this Act as the “FAFSA Simplification Act”), is further
15 amended—

16 (1) in subsection (a)(2)(F), by striking “10 per-
17 cent” and inserting “5 percent”;

18 (2) in subsection (b)—

19 (A) in paragraph (1)(B)(i), by striking
20 “paragraph (5)(A)” and inserting “paragraph
21 (5)”;

22 (B) by striking paragraph (5) and insert-
23 ing the following:

24 “(5) MAXIMUM FEDERAL PELL GRANT.—

1 “(A) AWARD YEAR 2023–2024.—For award
2 year 2023–2024, the total maximum Federal
3 Pell Grant award shall be \$9,000.

4 “(B) AWARD YEAR 2024–2025.—For award
5 year 2024–2025, the total maximum Federal
6 Pell Grant award shall be \$10,000.

7 “(C) AWARD YEAR 2025–2026.—For award
8 year 2025–2026, the total maximum Federal
9 Pell Grant award shall be \$11,000.

10 “(D) AWARD YEAR 2026–2027.—For award
11 year 2026–2027, the total maximum Federal
12 Pell Grant award shall be \$12,000.

13 “(E) AWARD YEAR 2027–2028.—For award
14 year 2027–2028, the total maximum Federal
15 Pell Grant award shall be \$13,000.

16 “(F) AWARD YEAR 2028–2029 AND SUBSE-
17 QUENT YEARS.—For award year 2028–2029,
18 and each subsequent award year, the total max-
19 imum Federal Pell Grant award shall be
20 \$13,000—

21 “(i) increased by the adjustment per-
22 centage for the award year for which the
23 amount under this subparagraph is being
24 determined; and

25 “(ii) rounded to the nearest \$50.

1 “(G) DEFINITION OF ADJUSTMENT PER-
2 CENTAGE.—In this paragraph, the term ‘adjust-
3 ment percentage,’ as applied to an award year,
4 is equal to the percentage increase in the Con-
5 sumer Price Index, as defined in section 478(f),
6 between April 2026 and the April in the year
7 prior to the beginning of the award year.”;

8 (C) by striking paragraphs (6) and (7) and
9 inserting the following:

10 “(6) APPROPRIATION OF FUNDS.—There are
11 authorized to be appropriated, and there are appro-
12 priated, out of any money in the Treasury not other-
13 wise appropriated, such sums as may be necessary
14 for fiscal year 2023 and each subsequent fiscal year
15 to provide the total maximum Federal Pell Grant for
16 which a student shall be eligible under this section
17 during an award year.”; and

18 (D) by redesignating paragraphs (8) and
19 (9) as paragraphs (7) and (8), respectively;
20 (3) in subsection (d)(5)(B)(ii)—

21 (A) in subclause (I)(bb), by striking “or”
22 after the semicolon;

23 (B) in subclause (II)(bb)(CC), by striking
24 the period and inserting “; or”; and

25 (C) by adding at the end the following:

1 “(III) during a period for which
2 the student did not receive a loan
3 under this title but for which, if the
4 student had received such a loan, the
5 student would have qualified for loan
6 forgiveness under subclause
7 (II)(bb)(CC).”;

8 (4) by striking subsections (g) and (h); and

9 (5) by redesignating subsections (i) and (j) as
10 subsections (g) and (h), respectively.

11 (b) REPEAL OF SCORING REQUIREMENT.—

12 (1) IN GENERAL.—Section 406 of H. Con. Res.
13 95 (109th Congress) is amended—

14 (A) by striking subsection (b); and

15 (B) by striking “(a) IN GENERAL.—Upon”
16 and inserting the following: “Upon”.

17 (2) EFFECTIVE DATE.—The amendments made
18 by paragraph (1) shall take effect beginning on July
19 1, 2023.

20 (c) ADJUSTMENT FOR AWARD YEAR 2022–2023.—

21 Notwithstanding section 401(b)(7)(C)(iii) of the Higher
22 Education Act of 1965 (20 U.S.C. 1070a(b)(7)(C)(iii)),
23 the amount determined under such clause for purposes of
24 section 401(b)(7)(B)(iii) of such Act for award year 2022–
25 2023 shall be \$2,535.

1 **SEC. 5. PROVIDING INCREASED FEDERAL PELL GRANTS**
2 **AND OTHER ASSISTANCE FOR RECIPIENTS**
3 **OF MEANS-TESTED BENEFITS.**

4 (a) INCREASED AMOUNT OF MAXIMUM FEDERAL
5 PELL GRANTS FOR STUDENTS WITH NEGATIVE STU-
6 DENT AID INDEXES.—Section 401(b)(1) (20 U.S.C.
7 1070a(b)(1)), as amended by section 4 and section 703
8 of the FAFSA Simplification Act, is further amended—

9 (1) in subparagraph (A)—

10 (A) in the matter preceding clause (i), by
11 striking “A student” and inserting “Except in
12 the case of a student with a student aid index
13 of less than zero, a student”;

14 (B) by striking clause (i); and

15 (C) by redesignating clauses (ii) and (iii)
16 as clauses (i) and (ii), respectively;

17 (2) by redesignating subparagraphs (B)
18 through (E) as subparagraphs (C) through (F), re-
19 spectively;

20 (3) by inserting after subparagraph (A) the fol-
21 lowing:

22 “(B) A student with a student aid index of
23 less than zero shall receive a Federal Pell Grant
24 award that exceeds the total maximum Federal
25 Pell Grant by an amount equal to the amount

1 by which the student's student aid index is less
2 than zero.”;

3 (4) in subparagraph (C), as redesignated by
4 paragraph (2)—

5 (A) in the matter preceding clause (i), by
6 striking “subparagraph (A) for an academic
7 year,” and inserting “subparagraph (A), or an
8 increased Federal Pell Grant under subpara-
9 graph (B), for an academic year,”; and

10 (B) in clause (ii), by striking “, except that
11 a student aid index of less than zero shall be
12 considered to be zero for the purposes of this
13 clause”;

14 (5) in subparagraph (D), as redesignated by
15 paragraph (2), by striking “(A) or (B)” and insert-
16 ing “(A), (B), or (C)”;

17 (6) in subparagraph (E), as redesignated by
18 paragraph (2), by inserting “or an increased Federal
19 Pell Grant under subparagraph (B)” after “subpara-
20 graph (A)”;

21 (7) in subparagraph (F), as redesignated by
22 paragraph (2), by striking “or a minimum Federal
23 Pell Grant under subparagraph (C)” and inserting
24 “an increased Federal Pell Grant under subpara-

1 graph (B), or a minimum Federal Pell Grant under
2 subparagraph (D)”.

3 (b) SPECIAL STUDENT AID INDEX RULE FOR RE-
4 CIPIENTS OF MEANS-TESTED BENEFITS.—Section 473
5 (20 U.S.C. 1087mm), as amended by section 702(b) of
6 the FAFSA Simplification Act, is further amended by
7 adding at the end the following:

8 “(d) SPECIAL RULE FOR MEANS-TESTED BENEFIT
9 RECIPIENTS.—Notwithstanding subsection (b), for an ap-
10 plicant (or, as applicable, an applicant and spouse, or an
11 applicant’s parents) who, at any time during the previous
12 24-month period, received a benefit under a means-tested
13 Federal benefit program (or whose parent or spouse re-
14 ceived such a benefit, as applicable), the Secretary shall
15 for the purposes of this title consider the student aid index
16 as equal to $-\$1,500$ for the applicant.”.

17 **SEC. 6. FEDERAL PELL GRANT ELIGIBILITY FOR DREAMER**
18 **STUDENTS.**

19 Section 484 (20 U.S.C. 1091), as amended by section
20 702(n) of the FAFSA Simplification Act, is further
21 amended—

22 (1) in subsection (a)(5), by inserting “, or be a
23 Dreamer student, as defined in subsection (u)” after
24 “becoming a citizen or permanent resident”; and

25 (2) by adding at the end the following:

1 “(u) DREAMER STUDENTS.—

2 “(1) IN GENERAL.—In this section, the term
3 ‘Dreamer student’ means an individual who—

4 “(A)(i) is not a citizen or national of the
5 United States; and

6 “(ii) is inadmissible or deportable under
7 the Immigration and Nationality Act (8 U.S.C.
8 1101 et seq.); and

9 “(B)(i) in the case of such an individual
10 who was younger than 18 years of age on the
11 date on which the individual initially entered
12 the United States—

13 “(I) has earned a high school diploma,
14 the recognized equivalent of such diploma
15 from a secondary school, or a high school
16 equivalency diploma recognized by State
17 law, or is scheduled to complete the re-
18 quirements for such a diploma or equiva-
19 lent before the next academic year begins;

20 “(II) is enrolled at an institution of
21 higher education pursuant to subsection
22 (d);

23 “(III) has served in the uniformed
24 services (as such term is defined in section
25 101 of title 10, United States Code) for

1 not less than 2 years and, if discharged,
2 received an honorable discharge;

3 “(IV) has acquired a degree, certifi-
4 cate, or recognized postsecondary creden-
5 tial from an institution of higher education
6 or area career and technical education
7 school (as such term is defined in section
8 3 of the Carl D. Perkins Career and Tech-
9 nical Education Act of 2006 (20 U.S.C.
10 2302)); or

11 “(V) has completed not less than 2
12 years in a postsecondary program at an in-
13 stitution of higher education, or area ca-
14 reer and technical education school, in the
15 United States and has made satisfactory
16 academic progress, as defined in subsection
17 (c), during such time period; or

18 “(ii)(I) is, or at any time was, eligible for
19 a grant of deferred action pursuant to—

20 “(aa) the memorandum of the De-
21 partment of Homeland Security entitled
22 ‘Exercising Prosecutorial Discretion with
23 Respect to Individuals Who Came to the
24 United States as Children’ issued on June
25 15, 2012; or

1 “(bb) the memorandum of the De-
2 partment of Homeland Security entitled
3 ‘Exercising Prosecutorial Discretion with
4 Respect to Individuals Who Came to the
5 United States as Children and with Re-
6 spect to Certain Individuals Who Are the
7 Parents of U.S. Citizens or Permanent
8 Residents’ issued on November 20, 2014;
9 or

10 “(II) would have been eligible for such a
11 grant of deferred action if the applicable memo-
12 randum described in subclause (I) had been
13 fully in effect since the date on which it was
14 issued.

15 “(2) HARDSHIP EXCEPTION.—The Secretary
16 shall issue regulations that direct when the Depart-
17 ment shall waive the age requirement of paragraph
18 (1)(B)(i) for an individual to qualify as a Dreamer
19 student under such paragraph, if the individual dem-
20 onstrates compelling circumstances.”.

21 **SEC. 7. PROVIDING FEDERAL PELL GRANTS FOR DEPEND-**
22 **ENTS OF FALLEN HEROES.**

23 (a) IN GENERAL.—Part A of title IV (20 U.S.C.
24 1070 et seq.), as amended by section 703 of the FAFSA
25 Simplification Act, is amended—

- 1 (1) in section 401—
2 (A) in subsection (c)—
3 (i) in paragraph (2)—
4 (I) by striking subparagraph (A);
5 and
6 (II) by redesignating subpara-
7 graphs (B) and (C) as subparagraphs
8 (A) and (B), respectively;
9 (ii) in paragraph (3), by striking
10 “(2)(B)(i)” and inserting “(2)(A)(i)”;
11 (iii) by redesignating paragraph (5) as
12 paragraph (7); and
13 (iv) by inserting after paragraph (4)
14 the following:

15 “(5) PREVENTION OF DOUBLE BENEFITS.—No
16 eligible student described in paragraph (2) may re-
17 ceive a grant under both this subsection and sub-
18 section (b) concurrently.

19 “(6) TERMS AND CONDITIONS.—The Secretary
20 shall award grants under this subsection in the same
21 manner and with the same terms and conditions, in-
22 cluding the length of the period of eligibility, as the
23 Secretary awards Federal Pell Grants under sub-
24 section (b), except that—

1 “(A) the award rules and determination of
2 need applicable to the calculation of Federal
3 Pell Grants under subsection (b)(1) shall not
4 apply to grants made under this subsection; and

5 “(B) the maximum period determined
6 under subsection (d)(5) shall be determined by
7 including all grants made under this section re-
8 ceived by the eligible student and all grants so
9 received under subpart 10 before the effective
10 date of this subsection.”; and

11 (2) by striking subpart 10 of part A (20 U.S.C.
12 1070h).

13 (b) TRANSITION.—The Secretary shall take such
14 steps as are necessary to transition from the Iraq and Af-
15 ghanistan Service Grants program under subpart 10 of
16 part A of title IV of the Higher Education Act of 1965
17 (20 U.S.C. 1070h), as in effect on the day before the effec-
18 tive date of this section, and the provision of Federal Pell
19 Grants under section 401(c) of the Higher Education Act
20 of 1965 (20 U.S.C. 1070a(c)), as amended by the FAFSA
21 Simplification Act and this section.

1 **SEC. 8. RESTORING THE TOTAL SEMESTERS OF FEDERAL**
2 **PELL GRANT ELIGIBILITY.**

3 Section 401(c)(5)(A), as added by section 703 of the
4 FAFSA Simplification Act, is amended by striking “12”
5 each place the term appears and inserting “18”.

6 **SEC. 9. REDUCING FINANCIAL AID PENALTIES FROM SATIS-**
7 **FACTORY ACADEMIC PROGRESS DETERMINA-**
8 **TIONS.**

9 Section 484(c) of the Higher Education Act of 1965
10 (20 U.S.C. 1091(c)) is amended to read as follows:

11 “(c) SATISFACTORY PROGRESS.—

12 “(1) DEFINITIONS.—In this subsection:

13 “(A) APPEAL.—The term ‘appeal’ means a
14 process by which a student who is not meeting
15 the institution’s satisfactory academic progress
16 standards petitions the institution for reconsid-
17 eration of the student’s eligibility for assistance
18 under this title.

19 “(B) FINANCIAL AID PROBATION.—The
20 term ‘financial aid probation’ means a status
21 assigned by an institution to a student who fails
22 to make satisfactory academic progress and
23 who has appealed and has had eligibility for aid
24 reinstated.

25 “(C) FINANCIAL AID WARNING.—The term
26 ‘financial aid warning’ means a status assigned

1 to a student who fails to make satisfactory aca-
2 demic progress at the end of the semester or
3 equivalent period in which the student first fails
4 to make such progress.

5 “(D) PAYMENT PERIOD.—The term ‘pay-
6 ment period’ means the applicable payment pe-
7 riod described in section 668.4 of title 34, Code
8 of Federal Regulations, or any successor regula-
9 tion.

10 “(2) SATISFACTORY ACADEMIC PROGRESS POL-
11 ICY.—An institution shall establish a reasonable sat-
12 isfactory academic progress policy for determining
13 whether an otherwise eligible student is making sat-
14 isfactory academic progress in the student’s edu-
15 cational program and may receive assistance under
16 this title. The Secretary shall consider the institu-
17 tion’s policy to be reasonable if—

18 “(A) the policy is at least as strict as the
19 policy the institution applies to a student who
20 is not receiving assistance under this title;

21 “(B) the policy provides for consistent ap-
22 plication of standards to all students, including
23 full-time, part-time, undergraduate, and grad-
24 uate students, and all educational programs es-
25 tablished by the institution;

1 “(C)(i) the policy specifies the grade point
2 average that a student must achieve at each
3 evaluation, or if a grade point average is not an
4 appropriate qualitative measure, a comparable
5 assessment measured against a norm; and

6 “(ii) if a student is enrolled in an edu-
7 cational program of more than 2 academic
8 years, the policy specifies that at the end of the
9 second academic year, the student must have a
10 grade point average of at least a ‘C’ or its
11 equivalent, or have academic standing con-
12 sistent with the institution’s requirements for
13 graduation;

14 “(D) the policy provides for measurement
15 of the student’s progress at each evaluation;

16 “(E) the policy describes—

17 “(i) how a student’s grade point aver-
18 age and the pace at which the student pro-
19 gresses toward completion are affected by
20 course incompletes, withdrawals, or repeti-
21 tions, or transfers of credit from other in-
22 stitutions, including that credit hours from
23 another institution that are accepted to-
24 ward the student’s educational program

1 are counted as both attempted and com-
2 pleted hours; and

3 “(ii) how after a student reenrolls
4 after the student’s satisfactory academic
5 progress was reset pursuant to paragraph
6 (3)(B), the student may have any credits
7 that were earned before the student was
8 determined not to be making satisfactory
9 academic progress counted for purposes of
10 determining progress when the student re-
11 enroll, but any attempted hours that were
12 not earned by the student (including in-
13 completes, withdrawn courses, and failed
14 courses) before the student was determined
15 not to be making satisfactory academic
16 progress will not negatively impact the de-
17 termination of whether the student made
18 satisfactory academic progress after such
19 reset;

20 “(F) the policy provides that, except as
21 provided in subparagraph (G) with respect to a
22 student placed on financial aid warning or fi-
23 nancial aid probation and paragraph (3), a stu-
24 dent is no longer eligible to receive assistance
25 under this title if the student has not achieved

1 the required grade point average or who is not
2 making progress toward completion in the stu-
3 dent’s educational program—

4 “(i) at the time of each evaluation
5 with respect to a student who is in an edu-
6 cational program of 2 academic years or
7 less in length; or

8 “(ii) at the end of the second aca-
9 demic year with respect to a student who
10 is in an educational program of more than
11 2 academic years in length;

12 “(G) the policy describes when students
13 will be placed on financial aid warning or finan-
14 cial aid probation, in accordance with para-
15 graph (4), and provides that—

16 “(i) a student on financial aid warn-
17 ing—

18 “(I) may receive assistance under
19 this title for one payment period de-
20 spite a determination that the student
21 is not making satisfactory academic
22 progress; and

23 “(II) may be assigned such sta-
24 tus without an appeal or other action
25 by the student; and

1 “(ii)(I) a student on financial aid pro-
2 bation may receive assistance under this
3 title for one payment period and the insti-
4 tution may require the student to fulfill
5 specific terms and conditions, such as tak-
6 ing a reduced course load or enrolling in
7 specific courses; and

8 “(II) at the end of such one payment
9 period, the student is required to meet the
10 institution’s satisfactory academic progress
11 standards, or meet the requirements of the
12 academic plan developed by the institution
13 and the student, in order to qualify for
14 continued assistance under this title;

15 “(H) if the institution permits a student to
16 appeal a determination by the institution that
17 the student is not making satisfactory academic
18 progress, the policy describes—

19 “(i) how the student may reestablish
20 the student’s eligibility to receive assist-
21 ance under this title;

22 “(ii) the basis on which the student
23 may file an appeal, including because of
24 the death of a relative, an injury or illness

1 of the student, or another special cir-
2 cumstance; and

3 “(iii) information the student is re-
4 quired to submit regarding why the stu-
5 dent failed to make satisfactory academic
6 progress, and what has changed in the stu-
7 dent’s situation that will allow the student
8 to demonstrate satisfactory academic
9 progress at the next evaluation;

10 “(I) if the institution does not permit a
11 student to appeal a determination by the insti-
12 tution that the student is not making satisfac-
13 tory academic progress, the policy describes
14 how the student may reestablish the student’s
15 eligibility to receive assistance under this title;

16 “(J) the policy provides for notification to
17 students of the results of an evaluation that im-
18 pacts the student’s eligibility for assistance
19 under this title; and

20 “(K) the policy does not impose satisfac-
21 tory progress limitations on need-based institu-
22 tional aid that are more stringent than the
23 standard applied under this subsection without
24 demonstrating to the Secretary the effectiveness
25 of such limitations on improving student per-

1 sistence in, and completion of, postsecondary
2 study.

3 “(3) REGAINING ELIGIBILITY.—

4 “(A) STUDENTS WHO REMAIN IN
5 SCHOOL.—Whenever a student fails to meet the
6 eligibility requirements of subsection (a)(2) as a
7 result of the application of this subsection and,
8 subsequent to that failure, the student has aca-
9 demic standing for any grading period con-
10 sistent with the requirements for staying on
11 track to graduate within 150 percent of the
12 published length of the educational program, as
13 determined by the institution, the student shall
14 again be eligible under subsection (a)(2) for a
15 grant, loan, or work assistance under this title,
16 as long as the student maintains satisfactory
17 academic progress under paragraph (2) begin-
18 ning on and after the date that the student re-
19 gains eligibility.

20 “(B) STUDENTS WHO LEAVE SCHOOL.—

21 “(i) IN GENERAL.—If a student has
22 not been enrolled in any institution of
23 higher education for the immediately pre-
24 ceding 2 years, any previous failure to
25 meet the eligibility requirements of sub-

1 section (a)(2) shall not be used in any de-
2 termination of eligibility of such student
3 under such subsection. Such student shall,
4 on the date of enrollment subsequent to
5 such 2-year period, have the student's eli-
6 gibility for a grant, loan, or work assist-
7 ance under this title reset and be deemed
8 as meeting the requirements described in
9 paragraph (2). Beginning on and after
10 such date, the student's satisfactory aca-
11 demic progress shall be determined in ac-
12 cordance with paragraph (2)(E)(ii).

13 “(ii) MAXIMUM NUMBER OF
14 RESETS.—A student shall be eligible for a
15 reset of eligibility pursuant to this sub-
16 paragraph not more than 2 times.

17 “(C) DUTIES OF THE SECRETARY.—The
18 Secretary shall—

19 “(i) send, to each student who failed
20 to meet the eligibility requirements of sub-
21 section (a)(2) and who has not regained
22 eligibility for a grant, loan, or work assist-
23 ance under subparagraph (A), a notice,
24 two years after such failure, that in-
25 cludes—

1 “(I) a notification that, if the
2 student has not been enrolled in any
3 institution of higher education for the
4 preceding two years and has not re-
5 ceived two resets of eligibility under
6 subparagraph (B), the student may
7 use grant, loan, or work assistance
8 under this title for enrollment at any
9 eligible institution, including an insti-
10 tution other than the institution in
11 which the student was previously en-
12 rolled;

13 “(II) a notification that, if the
14 student has remained enrolled, or re-
15 sumed enrollment, at an institution of
16 higher education, the student may be
17 eligible for a grant, loan, or work as-
18 sistance under this title subject to the
19 requirements of subparagraph (A);

20 “(III) information on how many
21 semesters of eligibility for a grant,
22 loan, or work assistance under this
23 title to which the student still has ac-
24 cess; and

1 “(IV) a notification that the stu-
2 dent should ask any prospective eligi-
3 ble institution how many of the stu-
4 dent’s previously completed credits the
5 student would be able to transfer; and

6 “(ii) submit an annual report to Con-
7 gress on the outcomes of students who
8 have received a reset of eligibility pursuant
9 to this paragraph, including—

10 “(I) the number of students who
11 reenroll in an eligible institution after
12 such reset, disaggregated by race or
13 ethnicity, sex, age, socioeconomic sta-
14 tus, and disability status;

15 “(II) the 250 eligible institutions
16 with the highest numbers of enrolled
17 students receiving grant, loan, or
18 work assistance under this title after
19 such a reset;

20 “(III) the 250 eligible institu-
21 tions with the highest share of en-
22 rolled students receiving grant, loan,
23 or work assistance under this title
24 after such a reset; and

1 “(IV) the average completion
2 rate and time to completion for stu-
3 dents who reenroll in an eligible insti-
4 tution after such reset, disaggregated
5 by institution.

6 “(4) EVALUATION OF ACADEMIC PROGRESS.—

7 “(A) IN GENERAL.—An institution that
8 determines that a student is not making satis-
9 factory academic progress under its policy may
10 disburse funds provided through student finan-
11 cial assistance programs under this title (in-
12 cluding work-study programs under subtitle C)
13 to the student in accordance with subpara-
14 graphs (B), (C), and (D).

15 “(B) PAYMENT PERIOD FOLLOWING NOT
16 MAKING SATISFACTORY ACADEMIC PROGRESS.—
17 For the payment period following the payment
18 period in which a student did not make satis-
19 factory academic progress, the institution shall
20 place the student on financial aid warning and
21 disburse funds under this title to the student.

22 “(C) PAYMENT PERIOD FOLLOWING FI-
23 NANCIAL AID WARNING.—For the payment pe-
24 riod following a payment period during which a
25 student was on financial aid warning, the insti-

1 tution may place the student on financial aid
2 probation, and disburse funds under this title to
3 the student if—

4 “(i) the institution evaluates the stu-
5 dent’s progress and determines that stu-
6 dent did not make satisfactory academic
7 progress during the payment period the
8 student was on financial aid warning;

9 “(ii) the student appeals the deter-
10 mination; and

11 “(iii)(I) the institution determines
12 that the student should be able to meet the
13 institution’s satisfactory academic progress
14 standards by the end of the subsequent
15 payment period; or

16 “(II) the institution develops an aca-
17 demic plan for the student that, if fol-
18 lowed, will ensure that the student is able
19 to meet the institution’s satisfactory aca-
20 demic progress standards by a specific
21 point in time.

22 “(D) PAYMENT PERIOD FOLLOWING FI-
23 NANCIAL AID PROBATION.—A student on finan-
24 cial aid probation for a payment period may not
25 receive funds under this title for the subsequent

1 payment period unless the student makes satis-
2 factory academic progress or the institution de-
3 termines that the student met the requirements
4 specified by the institution in the academic plan
5 for the student developed under subparagraph
6 (C)(iii)(II).

7 “(E) FREQUENCY OF ACADEMIC PROGRESS
8 EVALUATION AND COMMUNICATION.—

9 “(i) IN GENERAL.—Subject to clause
10 (ii), for the purpose of determining wheth-
11 er presently enrolled students are main-
12 taining satisfactory progress, each institu-
13 tion of higher education that enrolls stu-
14 dents who receive any grant, loan, or work
15 assistance under this title shall review the
16 progress of such students at the end of
17 each payment period.

18 “(ii) SHORTER PAYMENT PERIODS.—
19 For each institution described in clause (i)
20 that has payment periods that are shorter
21 than on the semester system basis (such as
22 on a quarterly or trimester system basis or
23 by clock hour program or non-term pro-
24 gram), such institution shall review the
25 progress of presently enrolled students at

1 the end of each semester or equivalent pe-
2 riod of 12 to 18 weeks.

3 “(iii) FINANCIAL AID WARNING.—At
4 the end of each payment period (or, in the
5 case of an institution described in clause
6 (ii), at the end of each semester or equiva-
7 lent period), each institution shall send a
8 financial aid warning to presently enrolled
9 students that do not meet the grade point
10 average requirement described in para-
11 graph (2), or its equivalent or academic
12 standing consistent with the requirements
13 for graduation, as determined by the insti-
14 tution, that informs the students of their
15 risk of being determined to not be main-
16 taining satisfactory progress and therefore
17 losing eligibility for grant, loan, or work
18 assistance under this title and provides in-
19 formation on—

20 “(I) the specific criteria of the in-
21 stitution’s academic requirements that
22 the student is not meeting and the
23 specific improvements needed to meet
24 the requirements; and

1 “(II) how to meet with the stu-
2 dent’s academic advisor to get the
3 academic support the student needs.

4 “(5) DETAILING REQUIREMENTS TO STU-
5 DENTS.—Each institution of higher education that
6 enrolls students who receive any grant, loan, or work
7 assistance under this title shall detail the institu-
8 tion’s requirements regarding students maintaining
9 satisfactory academic progress—

10 “(A) to such students before the students
11 begin classes at the institution through a de-
12 tailed communication that may be separate
13 from a financial aid offer; and

14 “(B) on the financial aid webpage of the
15 website of the institution.

16 “(6) CONSUMER TESTING.—The Secretary—

17 “(A) shall conduct consumer testing to de-
18 velop exemplary practices and templates—

19 “(i) to support institutions of higher
20 education in carrying out paragraph (5);
21 and

22 “(ii) which shall be available as re-
23 sources for institutions of higher edu-
24 cation; and

1 “(B) shall not require the use of such
2 practices and templates by institutions of high-
3 er education.”.

4 **SEC. 10. CONFORMING AMENDMENTS.**

5 The Act (20 U.S.C. 1001 et seq.) is amended—

6 (1) in section 401A(d)(1)(B)(i) (20 U.S.C.
7 1070a–1(d)(1)(B)(i)), by striking “section
8 401(b)(2)(B)” and inserting “section 401(b)(2)”;

9 (2) in section 402D(d)(1) (20 U.S.C. 1070a–
10 14(d)(1))—

11 (A) by striking “section 401(b)(2)(A)” and
12 inserting “section 401(b)(1)”; and

13 (B) by striking “described in section
14 401(b)(4)” and inserting “as defined in section
15 401(a)”;

16 (3) in section 435(a)(5)(A)(i)(I) (20 U.S.C.
17 1085(a)(5)(A)(i)(I)), by striking “under section
18 401(b)(2)(A)” and inserting “, as appropriate,
19 under section 401(b)(2)(A) (as in effect on the day
20 before the effective date under section 701(b) of the
21 FAFSA Simplification Act (title VII of division FF
22 of Public Law 116–260)) or section 401(b)(1)”;

23 (4) in section 485E(b)(1)(A) (20 U.S.C.
24 1092f(b)(1)(A)), by striking “section 401(b)(2)(A)”
25 and inserting “section 401(b)(1)”; and

1 (5) in section 894(f)(2)(C)(ii)(I) (20 U.S.C.
2 1161y(f)(2)(C)(ii)(I)), by striking “section
3 401(b)(2)(A)” and inserting “section 401(b)(1)”.

4 **SEC. 11. EFFECTIVE DATE.**

5 Except as otherwise provided, the amendments made
6 by this Act shall take effect and apply as if included in
7 section 703 of the FAFSA Simplification Act and in ac-
8 cordance with section 701(b) of such Act.

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