

117TH CONGRESS
1ST SESSION

S. 1263

To establish State-Federal partnerships to provide students the opportunity to attain higher education at in-State public institutions of higher education without debt, to provide Federal Pell Grant eligibility to DREAMer students, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 21, 2021

Mr. SCHATZ (for himself, Mrs. GILLIBRAND, Mr. MERKLEY, Mr. BOOKER, Mr. BROWN, Ms. BALDWIN, Mr. BLUMENTHAL, Mr. DURBIN, and Ms. WARREN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To establish State-Federal partnerships to provide students the opportunity to attain higher education at in-State public institutions of higher education without debt, to provide Federal Pell Grant eligibility to DREAMer students, 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 “Debt-Free College Act
5 of 2021”.

1 **SEC. 2. DEBT-FREE COLLEGE PARTNERSHIP.**

2 Title IV of the Higher Education Act of 1965 (20
3 U.S.C. 1070 et seq.) is amended by adding at the end
4 the following:

5 **“PART J—DEBT-FREE COLLEGE PARTNERSHIP**

6 **“SEC. 499A-1. PURPOSE.**

7 “The purpose of this part is to establish State-Fed-
8 eral partnerships that will—

9 “(1) increase investment in public higher edu-
10 cation; and

11 “(2) provide students the opportunity to attain
12 higher education at in-State public institutions of
13 higher education without debt (‘debt-free college’).

14 **“SEC. 499A-2. DEFINITIONS.**

15 “In this part:

16 “(1) COLLEGE COMPLETION PROGRAM.—The
17 term ‘college completion program’ means a program
18 or service at an institution of higher education that
19 is dedicated to addressing barriers to degree attain-
20 ment, particularly for low-income students, for the
21 purpose of increasing the percentage of students
22 completing programs of study in their entirety and
23 attaining related degrees.

24 “(2) COST OF ATTENDANCE.—The term ‘cost of
25 attendance’ means—

“(A) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;

“(B) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a half-time basis, as determined by the institution; and

“(C) an allowance (determined by the institution) for room and board costs incurred by the student which—

“(i) shall be an allowance determined by the institution for a student without dependents residing at home with parents;

“(ii) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board;

1 “(iii) for students who live in housing
 2 located on a military base or for which a
 3 basic allowance is provided under section
 4 403(b) of title 37, United States Code,
 5 shall be an allowance based on the ex-
 6 penses reasonably incurred by such stu-
 7 dents for board but not for room; and

8 “(iv) for all other students shall be an
 9 allowance based on the expenses reason-
 10 ably incurred by such students for room
 11 and board.

12 “(3) DEBT-FREE COLLEGE COMMITMENT.—The
 13 term ‘debt-free college commitment’ means a com-
 14 mitment by a State participating in the State-Fed-
 15 eral partnership under this part to cover the unmet
 16 financial need for all eligible students.

17 “(4) ELIGIBLE STUDENT.—The term ‘eligible
 18 student’ means an individual who—

19 “(A) is enrolled, or is eligible to enroll, in
 20 a public institution of higher education in the
 21 State in which the individual resides;

22 “(B) completes a Free Application for
 23 Federal Student Aid or demonstrates eligibility
 24 for a Federal Pell Grant through institutional
 25 financial aid eligibility forms; and

1 “(C) demonstrates satisfactory academic
2 progress, as defined under the Federal Pell
3 Grant program under subpart 1 of part A, once
4 enrolled in a public institution of higher edu-
5 cation in the State in which the individual re-
6 sides.

7 “(5) FULL-TIME EQUIVALENT STUDENTS.—The
8 term ‘full-time equivalent students’ means the sum
9 of the number of students enrolled full time at an
10 institution, plus the full-time equivalent of the num-
11 ber of students enrolled part time, which shall be de-
12 fined and calculated in the manner determined most
13 appropriate by the Secretary.

14 “(6) NET STATE OPERATING SUPPORT.—The
15 term ‘net State operating support’ means an amount
16 that is equal to the amount of State funds and local
17 government appropriations used to support public
18 higher education annual operating expenses in the
19 State, calculated in accordance with subparagraphs
20 (A) and (B).

21 “(A) CALCULATION.—A State’s net State
22 operating support shall, for a fiscal year, be an
23 amount that is equal to the difference resulting
24 from the gross amount of State funds appro-
25 priated and disbursed by the State and ex-

1 pended by the recipient institutions in the fiscal
2 year for public higher education operating ex-
3 penses in the State, minus—

4 “(i) such appropriations that are re-
5 turned to the State;

6 “(ii) State-appropriated funds derived
7 from Federal sources, including funds pro-
8 vided under this part;

9 “(iii) local government funds not ap-
10 propriated for operating support for public
11 higher education;

12 “(iv) amounts that are portions of
13 multi-year appropriations to be distributed
14 over multiple years that are not to be
15 spent for the year for which the calculation
16 is being made;

17 “(v) tuition charges remitted to the
18 State to offset State appropriations;

19 “(vi) State funding for students in
20 non-credit continuing or adult education
21 courses and non-credit extension courses;

22 “(vii) sums appropriated to private
23 nonprofit institutions of higher education,
24 or to proprietary institutions of higher

education, for capital outlay or operating expenses; and

“(viii) any other funds excluded under subparagraph (B).

“(B) EXCLUSIONS.—Net State operating support does not include—

“(i) funds for—

“(I) student aid programs that provide grants to students attending in-State private nonprofit institutions of higher education, in-State proprietary institutions of higher education, independent institutions, and out-of-State institutions;

“(II) capital outlay;

“(III) deferred maintenance; or

“(IV) research and development;

or

“(ii) any other funds that the Secretary may exclude.

“(7) NET STATE OPERATING SUPPORT PER FTE STUDENT.—The term ‘net State operating support per FTE student’ means, for a fiscal year—

“(A) the net State operating support for the previous fiscal year; divided by

1 “(B) the full-time equivalent students for
2 the previous fiscal year.

3 “(8) PARTNERSHIP OFFICE.—The term ‘Part-
4 nership Office’ means the Office created under sec-
5 tion 499A–4(a).

6 “(9) PUBLIC INSTITUTION OF HIGHER EDU-
7 CATION.—The term ‘public institution of higher edu-
8 cation’ means an educational institution in any State
9 that—

10 “(A) admits as regular students only per-
11 sons having a certificate of graduation from a
12 school providing secondary education, or the
13 recognized equivalent of such a certificate, or
14 persons who are eligible students;

15 “(B) is legally authorized within such
16 State to provide a program of education beyond
17 secondary education;

18 “(C) provides an educational program for
19 which the institution awards a bachelor’s degree
20 or provides not less than a 2-year program that
21 is acceptable for full credit toward such a de-
22 gree, or awards a degree that is acceptable for
23 admission to a graduate or professional degree
24 program, subject to review and approval by the
25 Secretary;

1 “(D) has the full faith and credit of the
2 State; and

3 “(E) is accredited by a nationally recog-
4 nized accrediting agency or association, or if
5 not so accredited, is an institution that has
6 been granted preaccreditation status by such an
7 agency or association that has been recognized
8 by the Secretary for the granting of preaccredi-
9 tation status, and the Secretary has determined
10 that there is satisfactory assurance that the in-
11 stitution will meet the accreditation standards
12 of such an agency or association within a rea-
13 sonable time.

14 “(10) RELEVANT COMMITTEES OF CON-
15 GRESS.—The term ‘relevant committees of Congress’
16 means the Committee on Health, Education, Labor,
17 and Pensions and the Committee on Appropriations
18 of the Senate and the Committee on Education and
19 Labor and the Committee on Appropriations of the
20 House of Representatives.

21 “(11) UNMET NEED.—The term ‘unmet need’
22 means the difference between a student’s cost of at-
23 tendance to attend an in-State public institution of
24 higher education and the student’s expected family

1 contribution plus any Federal, State, or local sources
2 of grant aid.

3 **“SEC. 499A-3. ESTABLISHMENT OF A STATE-FEDERAL PART-**
4 **NERSHIP GRANT PROGRAM.**

5 “(a) GRANTS AUTHORIZED.—The Secretary shall
6 award grants to States to establish State-Federal partner-
7 ships with a goal of providing debt-free college for all eligi-
8 ble students at in-State public institutions of higher edu-
9 cation.

10 “(b) APPLICATION.—A State that desires to partici-
11 pate in the State-Federal partnership under this part shall
12 submit an application to the Secretary at such time, in
13 such manner, and accompanied by such information as the
14 Secretary may require.

15 “(c) AMOUNT OF GRANTS.—

16 “(1) IN GENERAL.—The Secretary shall award
17 a grant to a State that submits an application under
18 subsection (b) for a fiscal year in an amount that is
19 equal to State’s net State operating support.

20 “(2) RATABLE REDUCTION.—If the amount ap-
21 propriated to carry out this part for a fiscal year is
22 insufficient to award each State the State’s full
23 grant amount pursuant to paragraph (1), the Sec-
24 retary shall establish procedures for ratably reducing
25 each State’s award amount for such fiscal year.

1 “(d) AMOUNTS NOT EXPENDED.—Any amount of a
 2 grant awarded under this part that is not expended on
 3 allowable expenditures by the end of the fiscal year for
 4 which the grant was awarded shall be applied to the fol-
 5 lowing year’s grant award amount, if the State remains
 6 eligible to receive a grant under this part for such fol-
 7 lowing year. If such State is not eligible to receive a grant
 8 under this part for such following year, the State shall
 9 return the unexpended balance amount to the Federal
 10 Government.

11 **“SEC. 499A-4. STATE-FEDERAL PARTNERSHIP RESPON-**
 12 **SIBILITIES.**

13 “(a) FEDERAL.—

14 “(1) IN GENERAL.—The Secretary shall create
 15 an office in the Department of Education to admin-
 16 ister the State-Federal partnerships established
 17 under this part. Such Partnership Office shall be re-
 18 sponsible for—

19 “(A) administering grant awards;

20 “(B) monitoring compliance with partner-
 21 ship requirements;

22 “(C) providing technical assistance to
 23 States in applying for participation in, and im-
 24 plementing, a partnership; and

1 “(D) providing information to students in
2 participating States.

3 “(2) EVALUATIONS.—The Partnership Office
4 shall develop metrics of evaluation and perform an
5 annual evaluation of each State participating in a
6 State-Federal partnership under this part. The eval-
7 uation shall assess the State’s success in meeting the
8 partnership’s goals, including—

9 “(A) providing debt-free college for all eli-
10 gible students;

11 “(B) increasing State investment in higher
12 education;

13 “(C) maintaining access to in-State public
14 institutions of higher education for low-income
15 and underserved students;

16 “(D) maintaining and improving rates of
17 college completion and academic quality;

18 “(E) maintaining or reducing the cost of
19 public higher education and the price charged
20 to students; and

21 “(F) investing in improving capacity, ac-
22 cess, quality, and student achievement of in-
23 State public institutions of higher education.

24 “(3) ANNUAL REPORT.—The Partnership Of-
25 fice shall submit an annual report to the relevant

1 committees of Congress and include information
 2 gained from the annual evaluation under paragraph
 3 (2).

4 “(4) WEBSITE.—The Partnership Office shall
 5 create a public, consumer-oriented website with in-
 6 formation about State-Federal partnerships estab-
 7 lished under this part, including information from
 8 the annual evaluation under paragraph (2).

9 “(b) STATE.—

10 “(1) IN GENERAL.—A State that receives a
 11 grant under this part to establish a State-Federal
 12 partnership shall—

13 “(A) distribute the grant funds according
 14 to the allowable uses of funds described in sec-
 15 tion 499A–5 in a manner designed to best
 16 achieve the partnership’s goal of providing debt-
 17 free college for all eligible students at in-State
 18 public institutions of higher education;

19 “(B) maintain access at each in-State pub-
 20 lic institution of higher education for low-in-
 21 come and underserved students;

22 “(C) cap tuition and fees at public institu-
 23 tions of higher education in the State at levels
 24 as of the date of enactment of the Debt-Free
 25 College Act of 2021, with a yearly increase al-

1 lowed based on the Consumer Price Index (as
2 determined by the Secretary);

3 “(D) commit to working with in-State pub-
4 lic institutions of higher education to reduce
5 tuition and fees as the net State operating sup-
6 port increases;

7 “(E) maintain State need-based financial
8 aid programs in effect on the date of enactment
9 of the Debt-Free College Act of 2021 or use
10 State funds for such programs to further the
11 debt-free commitment made under the State-
12 Federal partnership;

13 “(F) maintain or increase levels of net
14 State operating support in effect on the date of
15 enactment of the Debt-Free College Act of
16 2021, subject to the maintenance of effort pro-
17 visions contained in this part;

18 “(G) develop, adopt, and implement a
19 State formula for calculating the cost of attend-
20 ance at in-State public institutions of higher
21 education;

22 “(H) develop statewide credit transfer poli-
23 cies to—

1 “(i) facilitate credit transfers among
2 in-State public institutions of higher edu-
3 cation; and

4 “(ii) provide students with clear and
5 timely information about credit transfer
6 policies at in-State public institutions of
7 higher education; and

8 “(I) clearly communicate to prospective
9 students, their families, and the general public
10 how the State plans to implement the State-
11 Federal partnership and how eligible students
12 can attend a public institution of higher edu-
13 cation in the State without debt, including early
14 notification for students of their eligibility for
15 financial aid under the partnership.

16 “(2) 5-YEAR PLAN.—

17 “(A) IN GENERAL.—In order to receive a
18 grant under this part, a State shall provide to
19 the Secretary a 5-year plan for achieving the
20 goals of the State-Federal partnership. A State
21 shall update and resubmit a plan every 5 years
22 thereafter.

23 “(B) PLAN TO MEET GOALS.—The 5-year
24 plan shall detail how the State plans to meet
25 the goal of providing debt-free college for all eli-

1 gible students at in-State public institutions of
 2 higher education within 5 years and increase
 3 the State’s investment in higher education, with
 4 specific benchmarks detailed for each year.

5 “(C) APPROVED BY THE SECRETARY.—
 6 The 5-year plan, and the State’s annual
 7 progress, shall be approved by the Secretary in
 8 order for the State to be eligible to receive, or
 9 continue receiving, grant funds under the State-
 10 Federal Partnership award.

11 “(D) WAIVER OF 5-YEAR DEADLINE.—A
 12 State may apply for a waiver from the deadline
 13 of meeting all of the State-Federal partner-
 14 ship’s goals within 5 years if the State—

15 “(i) provides a credible plan for mak-
 16 ing progress towards the goals; and

17 “(ii) is able to demonstrate that the
 18 State will, at a minimum, provide debt-free
 19 college within 5 years to eligible students
 20 who are Federal Pell Grant recipients
 21 under subpart 1 of part A.

22 “(3) NO ADDITIONAL ELIGIBILITY REQUIRE-
 23 MENTS.—A State that receives a grant under this
 24 part to establish a State-Federal partnership may

1 not impose additional eligibility requirements on stu-
 2 dents other than those contained in this part.

3 **“SEC. 499A-5. USES OF FUNDS.**

4 “(a) IN GENERAL.—

5 “(1) NEED-BASED AID FOR PELL RECIPI-
 6 ENTS.—A State that receives a grant under this
 7 part to establish a State-Federal partnership shall
 8 disburse funds from the net State operating support
 9 and the partnership grant funds on the basis of
 10 need, as determined by the Free Application for
 11 Federal Student Aid or an institutional financial aid
 12 eligibility form, to cover the unmet need for each eli-
 13 gible student who receives a Federal Pell Grant
 14 under subpart 1 of part A.

15 “(2) DISBURSEMENT OF REMAINING FUNDS.—

16 Any funds that remain after a State disburses funds
 17 in accordance with paragraph (1) shall be used by
 18 the State to cover part or all of the unmet need for
 19 eligible students who do not receive a Federal Pell
 20 Grant under subpart 1 of part A, with priority based
 21 on student financial need, in a manner determined
 22 by the State.

23 “(3) NO FUNDS IN EXCESS OF COST OF AT-
 24 TENDANCE.—An eligible student shall not receive

1 funds under this part in excess of the student's ac-
 2 tual cost of attendance.

3 “(4) PRIVATE AID NOT TAKEN INTO AC-
 4 COUNT.—In disbursing funds under this paragraph,
 5 the State shall not take into account any private
 6 sources of aid or loans available to an eligible stu-
 7 dent.

8 “(b) COLLEGE COMPLETION PROGRAMS.—

9 “(1) IN GENERAL.—A State that receives a
 10 grant under this part for a fiscal year to establish
 11 a State-Federal partnership shall use 4 percent of
 12 the grant funds for such fiscal year to establish or
 13 increase funding for college completion programs.

14 “(2) DISTRIBUTION.—From the total amount
 15 of grant funds available under paragraph (1) for a
 16 fiscal year, the State shall provide to each public in-
 17 stitution of higher education in the State that is eli-
 18 gible to participate in programs under this title for
 19 such fiscal year an amount that bears the same rela-
 20 tion to such total amount as the number of students
 21 enrolled in such institution of higher education who
 22 are eligible to receive a Federal Pell Grant bears to
 23 the number of students enrolled in all public institu-
 24 tions of higher education in the State who are eligi-
 25 ble to receive a Federal Pell Grant.

1 “(3) ALLOWABLE USES.—An institution of
2 higher education that receives funds under para-
3 graph (2) shall use such funds to establish, imple-
4 ment, or expand a college completion program, in-
5 cluding for the following purposes:

6 “(A) Providing information to prospective
7 and current students to assist and improve
8 completion, including creating materials clari-
9 fying different program completion require-
10 ments and costs, holding seminars for prospec-
11 tive or current students on course schedules
12 and program costs, and updating school
13 websites to make information publically avail-
14 able.

15 “(B) Hiring additional counselors and ad-
16 visors to focus on student completion support
17 and training existing personnel to implement
18 the college completion program.

19 “(C) Increasing academic support pro-
20 grams, such as writing coaches, tutors, pre-
21 requisite skill courses, and study materials, and
22 enhancing academic facilities for students.

23 “(D) Providing microgrants for students
24 participating in the college completion program

1 who maintain good academic standing and
2 progress toward on-time graduation.

3 “(4) REPORTING.—

4 “(A) REPORTS FROM INSTITUTIONS.—An
5 institution of higher education that receives
6 funds under paragraph (2) shall submit to the
7 State in which the institution is located at the
8 end of each fiscal year a report that details the
9 uses of funds, changes in the ratios of students
10 to counselors, and 2-year and 4-year degree at-
11 tainment rates, disaggregated by race and Fed-
12 eral Pell Grant recipient status.

13 “(B) SUSPENSION.—If a State determines
14 that an institution of higher education that re-
15 ceives funds under paragraph (2) for a fiscal
16 year used such funds for activities that were
17 not allowable uses under paragraph (3), the
18 State may suspend distribution of funds to the
19 institution for the following fiscal year and re-
20 quire the institution to submit proposed expend-
21 itures for approval before receiving funds again
22 under paragraph (2).

23 “(C) REPORT FROM STATE.—A State that
24 receives a grant under this part for a fiscal year
25 to establish a State-Federal partnership shall

1 submit to the Secretary at the end of each fis-
 2 cal year a report that details the uses of grant
 3 funds under this subsection in public institu-
 4 tions of higher education in the State that are
 5 eligible to participate in programs under this
 6 title, changes in the ratio of students to coun-
 7 selors in such institutions in the State, and 2-
 8 year and 4-year degree attainment rates in such
 9 institutions in the State, disaggregated by race
 10 and Federal Pell Grant recipient status.

11 “(c) HIGHER EDUCATION RELATED ACTIVITIES.—A
 12 State that receives a grant under this part to establish
 13 a State-Federal partnership may use not more than 5 per-
 14 cent of the grant funds for the following higher education
 15 related activities:

16 “(1) Increasing the capacity within the public
 17 higher education system of the State, including
 18 through the following:

19 “(A) Construction of new facilities.

20 “(B) Renovation of existing facilities.

21 “(C) Hiring of faculty.

22 “(D) Student support services.

23 “(2) Increasing the enrollment of low-income
 24 and underserved students.

1 “(3) Improving student outcomes, including
 2 meeting student learning goals, increasing comple-
 3 tion rates, and improving post-graduate job place-
 4 ment, in consultation with faculty and staff at in-
 5 State public institutions of higher education.

6 “(4) Providing information to prospective stu-
 7 dents and families.

8 “(5) Developing new higher education programs
 9 to meet the State’s workforce needs, in consultation
 10 with faculty and staff at in-State public institutions
 11 of higher education, employers, and other relevant
 12 stakeholders.

13 “(6) Programs and student support services at
 14 public secondary schools if those programs and serv-
 15 ices directly support an activity described in any of
 16 paragraphs (1) through (5).

17 “(7) Other activities as approved by the Sec-
 18 retary to improve the State’s public higher education
 19 system, particularly for low-income and underserved
 20 students.

21 “(d) ADMINISTRATION AND OTHER USES.—A State
 22 that receives a grant under this part to establish a State-
 23 Federal partnership may use not more than 1 percent of
 24 the grant funds—

25 “(1) to administer the partnership; and

1 “(2) for—

2 “(A) higher education research and data
3 tools, such as those that link education and em-
4 ployment data systems;

5 “(B) forming agreements with other States
6 participating in the partnership for reciprocal
7 student eligibility; and

8 “(C) developing and implementing systems
9 to provide early notification to students and
10 families of their eligibility for financial aid.

11 “(e) PROHIBITION ON USE OF FUNDS.—A State that
12 receives a grant under this part to establish a State-Fed-
13 eral partnership may not use grant funds for—

14 “(1) endowments; or

15 “(2) the construction of athletic or commercial
16 venues.

17 **“SEC. 499A-6. MAINTAINING NET STATE OPERATING SUP-**
18 **PORT FOR HIGHER EDUCATION.**

19 “(a) IN GENERAL.—A State that receives a grant
20 under this part to establish a State-Federal partnership
21 shall maintain net State operating support for a fiscal year
22 at a level that is not less than the level that is equal to
23 the average of such net State operating support for the
24 3 fiscal years preceding such fiscal year.

25 “(b) WAIVERS.—

1 “(1) IN GENERAL.—The Secretary may grant a
 2 waiver to a State from the requirement under sub-
 3 section (a) for a fiscal year, if the State dem-
 4 onstrates that—

5 “(A) the net State operating support for
 6 such fiscal year as a percentage of total revenue
 7 available to the State that will fund higher edu-
 8 cation for such fiscal year is not less than such
 9 percentage for the previous fiscal year; and

10 “(B) unexpected or uncontrollable cir-
 11 cumstances prevent the State from maintaining
 12 such State support.

13 “(2) NO REDUCTION FOR SUBSEQUENT FISCAL
 14 YEAR.—If the Secretary grants a State a waiver
 15 under paragraph (1) for a fiscal year, a determina-
 16 tion of the required level of net State operating sup-
 17 port for subsequent fiscal years shall exclude the fis-
 18 cal year for which the waiver was granted.

19 **“SEC. 499A–7. OVERSIGHT.**

20 “(a) IN GENERAL.—If a State that receives a grant
 21 under this part to establish a State-Federal partnership
 22 breaches a term of the partnership, the Partnership Office
 23 shall notify the State and provide the State an opportunity
 24 to correct the record or cure the breach within 30 days
 25 of the notification.

1 “(b) RECOMMENDATION.—Based on the State’s re-
2 sponse to a notification under subsection (a), the Partner-
3 ship Office shall recommend that the Secretary—

4 “(1) take no action;

5 “(2) place the State on probation; or

6 “(3) deem the State ineligible to continue to
7 participate in the partnership.

8 “(c) IMPLEMENTATION.—

9 “(1) IN GENERAL.—Except as provided in para-
10 graph (2), the Secretary shall implement the rec-
11 ommendation of the Partnership Office under sub-
12 section (b).

13 “(2) EXCEPTION.—

14 “(A) IN GENERAL.—Subject to subpara-
15 graph (B), the Secretary may choose not to im-
16 plement the recommendation of the Partnership
17 Office under subsection (b).

18 “(B) REASONS AND REPORT.—If the Sec-
19 retary chooses not to implement the rec-
20 ommendation of the Partnership Office under
21 subsection (b), the Secretary shall—

22 “(i) provide an explanation for such
23 decision; and

24 “(ii) notify the relevant committees of
25 Congress in a report.

1 “(d) PROBATION.—

2 “(1) IN GENERAL.—If a State is placed on pro-
3 bation by the Secretary due to a breach of a term
4 of the partnership, the State shall develop a plan to
5 remedy the breach.

6 “(2) WITHHOLDING.—With respect to a State
7 that is placed on probation by the Secretary due to
8 a breach of a term of the partnership, the Secretary
9 shall withhold half of the State’s partnership grant
10 award until the breach has been remedied or the
11 State has demonstrated credible progress towards
12 remedying the breach.

13 “(e) INELIGIBILITY.—

14 “(1) IN GENERAL.—If a State is deemed ineli-
15 gible to continue to participate in a partnership due
16 to a breach of a term of the partnership, the State
17 shall not receive its partnership grant award for the
18 subsequent year.

19 “(2) REMAINING INELIGIBLE.—A State that is
20 deemed ineligible to continue to participate in a
21 partnership due to a breach of a term of the part-
22 nership, shall remain ineligible for participation until
23 the State has demonstrated that the State meets the
24 partnership’s requirements.

1 **“SEC. 499A-8. STATE WITHDRAWAL OR INELIGIBILITY.**

2 “(a) IN GENERAL.—If a State that receives a grant
3 under this part to establish a State-Federal partnership
4 intends to withdraw from the partnership or becomes ineli-
5 gible to continue participation under this part, the State
6 shall comply with the requirements of this section, includ-
7 ing, if the State intends to withdraw, notifying the Sec-
8 retary and the Partnership Office 60 days prior to the
9 withdrawal.

10 “(b) CONTINUED COVERAGE.—

11 “(1) IN GENERAL.—Any unexpended balance
12 from a State-Federal partnership grant award that
13 remains after a State notifies the Partnership Office
14 of the State intention to withdraw from the partner-
15 ship or becomes ineligible to continue participation
16 under this part shall be placed into an escrow ac-
17 count at the Department and used solely to provide
18 need-based grant aid to an eligible student who has
19 received a Federal Pell Grant under subpart 1 of
20 part A and who was enrolled before the State noti-
21 fied the Partnership Office of the State’s intention
22 to withdraw from the partnership or the State be-
23 came ineligible.

24 “(2) COVERAGE UNTIL STUDENTS FINISH PRO-
25 GRAM.—

1 “(A) IN GENERAL.—A State that with-
2 draws from a State-Federal partnership or be-
3 comes ineligible to continue participation under
4 this part shall continue to cover the unmet need
5 for each eligible student who received a Federal
6 Pell Grant under subpart 1 of part A and who
7 was enrolled before the State notified the Part-
8 nership Office of the State’s intention to with-
9 draw from the partnership or became ineligible
10 until each such student completes the student’s
11 program of study at the institution or until the
12 allotted time for completion of such program of
13 study expires.

14 “(B) PRIORITY.—In carrying out subpara-
15 graph (A), a State shall prioritize funding
16 based on students’ financial need.

17 “(3) COMMUNICATION OF INFORMATION.—A
18 State that withdraws from a State-Federal partner-
19 ship or becomes ineligible to continue participation
20 under this part shall communicate its withdrawal or
21 ineligibility, as appropriate, to students and families
22 in the State and provide clear information to eligible
23 students described in paragraph (2)(A) that the stu-
24 dents may continue to have their cost of attendance

1 at an in-State public institution of higher education
2 covered.

3 **“SEC. 499A-9. AUTHORIZATION OF APPROPRIATIONS.**

4 “(a) IN GENERAL.—There are authorized to be ap-
5 propriated to carry out this part—

6 “(1) \$84,000,000,000 for fiscal year 2021; and

7 “(2) such sums as may be necessary for each
8 fiscal years 2022 through 2031.

9 “(b) AVAILABILITY.—Funds made available under
10 subsection (a) shall be available for obligation through
11 September 30 of the fiscal year succeeding the fiscal year
12 for which such sums were appropriated.”.

13 **SEC. 3. DEBT-FREE COLLEGE GRANT PROGRAM FOR HBCUS**
14 **AND MSIS.**

15 Part F of title III of the Higher Education Act of
16 1965 (20 U.S.C. 1067q et seq.) is amended by adding at
17 the end the following:

18 **“SEC. 372. DEBT-FREE COLLEGE GRANT PROGRAM FOR**
19 **HBCUS AND MSIS.**

20 “(a) DEFINITION OF ELIGIBLE INSTITUTION.—

21 “(1) IN GENERAL.—In this section, except as
22 provided in paragraph (2), the term ‘eligible institu-
23 tion’ means an institution of higher education that
24 is—

1 “(A) a private, nonprofit 2-year or 4-year
2 part B institution (as defined in section 322);

3 “(B) a Tribal College or University (as de-
4 fined in section 316); or

5 “(C) a private, nonprofit 2-year or 4-year
6 institution—

7 “(i) that is—

8 “(I) a Hispanic-serving institu-
9 tion (as defined in section 502);

10 “(II) an Alaska Native-serving
11 institution (as defined in section
12 317(b));

13 “(III) a Native Hawaiian-serving
14 institution (as defined in section
15 317(b));

16 “(IV) a Predominantly Black In-
17 stitution (as defined in section 318);

18 “(V) an Asian American and Na-
19 tive American Pacific Islander-serving
20 institution (as defined in section
21 320(b)); or

22 “(VI) a Native American-serving,
23 nontribal institution (as defined in
24 section 319); and

1 “(ii) in which not less than 35 percent
2 of the students enrolled at the institution
3 are eligible to receive a Federal Pell Grant.

4 “(2) FOR-PROFIT INSTITUTION THAT CON-
5 VERTED TO A NONPROFIT INSTITUTION.—Notwith-
6 standing paragraph (1), an institution of higher edu-
7 cation is not an eligible institution if the institution
8 was a for-profit institution of higher education that
9 converted to a nonprofit institution of higher edu-
10 cation and less than 25 years have passed since the
11 date of such conversion.

12 “(b) GRANT PROGRAM AUTHORIZED.—

13 “(1) IN GENERAL.—The Secretary shall award
14 grants to eligible institutions to enable the institu-
15 tions to provide need-based financial aid to cover
16 unmet need for students enrolled at the institutions.

17 “(2) DURATION.—Grants awarded under this
18 section shall be for a period of 5 years.

19 “(c) APPLICATION.—An eligible institution that de-
20 sires a grant under this section shall submit an application
21 to the Secretary at such time, in such manner, and accom-
22 panied by such information as the Secretary may require,
23 including a plan detailing how—

1 “(1) the eligible institution will use grant funds
2 to provide debt-free college to the students enrolled
3 at the institution; and

4 “(2) the institution plans to meet the require-
5 ments of the grant program.

6 “(d) AWARDING OF GRANTS.—

7 “(1) IN GENERAL.—

8 “(A) IN GENERAL.—A grant amount
9 awarded to an eligible institution under this
10 section for a year—

11 “(i) shall be in an amount equal to
12 the amount of the institution’s expendi-
13 tures on student undergraduate instruction
14 and academic support for the year; and

15 “(ii) shall not be disbursed for the
16 year until the Partnership Office created
17 under section 499A–4(a) reviews and ap-
18 proves the annual update submitted by the
19 institution pursuant to subsection (f).

20 “(B) RATABLE REDUCTION.—If the
21 amount appropriated to carry out this section
22 for a fiscal year is insufficient to award each el-
23 igible institution the institution’s full grant
24 amount pursuant to subparagraph (A), the Sec-
25 retary shall establish procedures for ratably re-

1 ducing each institution's award amount for
2 such fiscal year.

3 “(2) WAIVERS.—

4 “(A) IN GENERAL.—Subject to subpara-
5 graph (B), if the percentage of students eligible
6 to receive a Federal Pell Grant who are enrolled
7 at an eligible institution that receives a grant
8 under this section decreases to less than 35 per-
9 cent after the first year of the grant award,
10 such institution may apply to the Secretary for
11 a waiver of the requirement that an institution
12 to be eligible to receive a grant under this sec-
13 tion have not less than 35 percent of the stu-
14 dents enrolled at the institution eligible to re-
15 ceive a Federal Pell Grant.

16 “(B) RESTRICTIONS ON WAIVER.—The
17 Secretary shall grant a waiver under subpara-
18 graph (A)—

19 “(i) only if the decrease in percentage
20 is—

21 “(I) small relative to the size of
22 the student body; or

23 “(II) the result of unexpected or
24 uncontrollable circumstances; and

1 “(ii) not more than 2 times during the
2 5-year grant period.

3 “(e) USE OF GRANT FUNDS.—

4 “(1) IN GENERAL.—An eligible institution that
5 receives a grant under this section shall use the
6 grant funds as follows:

7 “(A) 95 percent of the grant funds shall
8 be—

9 “(i) used to cover the unmet need for
10 financial assistance to attend the institu-
11 tion of students who have not yet earned
12 a bachelor’s degree; and

13 “(ii) disbursed according to financial
14 need.

15 “(B) 5 percent of the grant funds shall be
16 used for the following activities:

17 “(i) Increasing capacity through con-
18 struction or renovation of facilities.

19 “(ii) Hiring faculty.

20 “(iii) Student support services.

21 “(iv) Other activities to increase en-
22 rollment of low-income and underserved
23 students, improve student outcomes, and
24 provide information to prospective students
25 and families, and other activities as ap-

1 proved by the Secretary to improve access,
 2 affordability, or quality of the education
 3 provided by the institution.

4 “(2) PROHIBITION ON USE OF FUNDS.—An eli-
 5 gible institution that receives a grant under this sec-
 6 tion may not use grant funds for endowments or the
 7 construction of athletic or commercial venues.

8 “(f) ANNUAL UPDATE.—An eligible institution that
 9 receives a grant under this section shall submit to the Sec-
 10 retary an annual update—

11 “(1) with any changes to the institution’s ex-
 12 penditures on student instruction and academic sup-
 13 port; and

14 “(2) on how the institution is fulfilling the
 15 terms of the grant.

16 “(g) TERMS OF THE GRANT.—

17 “(1) GRANTEE COMMITMENT.—An eligible in-
 18 stitution that receives a grant under this section
 19 shall carry out the following:

20 “(A) Cap tuition and fees at the institution
 21 at the level as of the date of enactment of the
 22 Debt-Free College Act of 2021, with a yearly
 23 increase allowed based on the Consumer Price
 24 Index (as determined by the Secretary).

1 “(B) Maintain expenditures on instruction
2 and academic support at the institution at a
3 level that is not less than the average of such
4 expenditures at the institution over the period
5 of 3 years preceding the date of enactment of
6 the Debt-Free College Act of 2021.

7 “(C) Maintain the enrollment of low-in-
8 come students, as defined by the Secretary, at
9 the institution at a level that is not less than
10 the level of such enrollment as of the date of
11 enactment of the Debt-Free College Act of
12 2021.

13 “(D) Maintain institutional aid at a level
14 that is not less than the average of such aid
15 over the period of 3 years preceding the date of
16 enactment of the Debt-Free College Act of
17 2021.

18 “(E) Submit to the Secretary for approval
19 the institution’s calculation of the cost of at-
20 tendance at such institution.

21 “(F) Clearly communicate to prospective
22 students and their families the following:

23 “(i) How students can attend the in-
24 stitution without debt.

1 “(ii) That a debt-free college edu-
 2 cation provided pursuant to this section is
 3 conditioned upon institutional eligibility
 4 and participation under this section and
 5 may not apply for each year that the stu-
 6 dent is enrolled at the institution.

7 “(2) BREACH OF TERMS OF GRANT.—

8 “(A) IN GENERAL.—If an eligible institu-
 9 tion that receives a grant under this section
 10 breaches a term of the grant, the Partnership
 11 Office created under section 499A-4(a) shall
 12 notify the institution and provide the institution
 13 with an opportunity to correct the record or
 14 cure the breach not later than 30 days after the
 15 date of the notification.

16 “(B) RECOMMENDATION.—The Partner-
 17 ship Office created under section 499A-4(a)
 18 shall, after considering the eligible institution’s
 19 response to a notification under subparagraph
 20 (A) or lack of response, make a recommenda-
 21 tion to the Secretary that the Secretary—

22 “(i) take no action with respect to the
 23 eligible institution;

24 “(ii) place the eligible institution on
 25 probation; or

1 “(iii) revoke the eligible institution’s
2 eligibility for the grant program under this
3 section.

4 “(C) PROBATION.—An eligible institution
5 that is placed on probation by the Secretary
6 shall develop a plan to remedy the breach of the
7 term of the grant. If the eligible institution does
8 not remedy the breach, the Secretary may levy
9 a fine against the institution of an amount not
10 to exceed 1 percent of the annual grant
11 amount.

12 “(D) INELIGIBILITY.—If an eligible insti-
13 tution’s eligibility for the grant program under
14 this section has been revoked by the Secretary,
15 such institution shall—

16 “(i) place into escrow any unexpended
17 grant funds described in subsection
18 (e)(1)(A) to be disbursed directly to stu-
19 dents enrolled at the institution;

20 “(ii) return to the Secretary any un-
21 expended funds described in subsection
22 (e)(1)(B);

23 “(iii) remain ineligible to receive a
24 grant under this section during the 3-year

1 period after the date eligibility was re-
 2 voked; and

3 “(iv) notify prospective and enrolled
 4 students at the institution and their fami-
 5 lies of such ineligibility for participation in
 6 the grant program under this section.

7 “(h) WITHDRAWAL.—An eligible institution that re-
 8 ceives a grant under this section that intends to withdraw
 9 from the grant program under this section shall—

10 “(1) notify the Partnership Office created
 11 under section 499A–4(a) not less than 60 days prior
 12 to the withdrawal;

13 “(2) place into escrow any unexpended grant
 14 funds to be disbursed directly to students enrolled at
 15 the institution; and

16 “(3) notify prospective and enrolled students at
 17 the institution and their families of such withdrawal.

18 “(i) AUTHORIZATION OF APPROPRIATIONS.—

19 “(1) IN GENERAL.—There are authorized to be
 20 appropriated to carry out this section—

21 “(A) \$3,000,000,000 for fiscal year 2021;

22 and

23 “(B) such sums as may be necessary for
 24 each fiscal years 2022 through 2031.

1 “(2) AVAILABILITY.—Funds made available
 2 under paragraph (1) shall be available for obligation
 3 through September 30 of the fiscal year succeeding
 4 the fiscal year for which such sums were appro-
 5 priated.”.

6 **SEC. 4. TITLE IV ELIGIBILITY FOR DREAMER STUDENTS.**

7 Section 484 of the Higher Education Act of 1965 (20
 8 U.S.C. 1091) is amended—

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

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

13 “(u) DREAMER STUDENTS.—

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

16 “(A) was younger than 16 years of age on
 17 the date on which the individual initially en-
 18 tered the United States;

19 “(B) has provided a list of each secondary
 20 school that the student attended in the United
 21 States; and

22 “(C)(i) has earned a high school diploma,
 23 the recognized equivalent of such diploma from
 24 a secondary school, or a high school equivalency
 25 diploma in the United States or is scheduled to

1 complete the requirements for such a diploma
2 or equivalent before the next academic year be-
3 gins;

4 “(ii) has acquired a degree from an institu-
5 tion of higher education or has completed not
6 less than 2 years in a program for a bacca-
7 laurate degree or higher degree at an institu-
8 tion of higher education in the United States
9 and has made satisfactory academic progress,
10 as defined in subsection (c), during such time
11 period;

12 “(iii) at any time was eligible for a grant
13 of deferred action under—

14 “(I) the June 15, 2012, memorandum
15 from the Secretary of Homeland Security
16 entitled ‘Exercising Prosecutorial Discre-
17 tion with Respect to Individuals Who
18 Came to the United States as Children’; or

19 “(II) the November 20, 2014, memo-
20 randum from the Secretary of Homeland
21 Security entitled ‘Exercising Prosecutorial
22 Discretion with Respect to Individuals
23 Who Came to the United States as Chil-
24 dren and with Respect to Certain Individ-

1 uals Who Are the Parents of U.S. Citizens
 2 or Permanent Residents'; or

3 “(iv) has served in the uniformed services,
 4 as defined in section 101 of title 10, United
 5 States Code, for not less than 4 years and, if
 6 discharged, received an honorable discharge.

7 “(2) HARDSHIP EXCEPTION.—The Secretary
 8 shall issue regulations that direct when the Depart-
 9 ment shall waive the requirement of subparagraph
 10 (A) or (B), or both, of paragraph (1) for an indi-
 11 vidual to qualify as a Dreamer student under such
 12 paragraph, if the individual—

13 “(A) demonstrates compelling circum-
 14 stances for the inability to satisfy the require-
 15 ment of such subparagraph (A) or (B), or both;
 16 and

17 “(B) satisfies the requirement of para-
 18 graph (1)(C).”.

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