

117TH CONGRESS
1ST SESSION

S. 2081

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

IN THE SENATE OF THE UNITED STATES

JUNE 16, 2021

Ms. HIRONO (for herself, Mrs. MURRAY, Mr. REED, Mr. WHITEHOUSE, Mr. VAN HOLLEN, Ms. WARREN, Mr. DURBIN, Mr. MARKEY, Mr. WYDEN, Ms. HASSAN, Mr. PADILLA, Ms. SMITH, Mrs. SHAHEEN, Mr. BROWN, Ms. KLOBUCHAR, Mr. BOOKER, Mr. WARNOCK, Mr. LUJÁN, Mr. BLUMENTHAL, and Ms. DUCKWORTH) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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:

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

5 (2) Investments in higher education through
6 student aid such as the Federal Pell Grant program
7 under section 401 of the Higher Education Act of
8 1965 (20 U.S.C. 1070a) help students and families
9 reach, afford, and complete education and training
10 opportunities beyond high school.

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

14 (4) The Federal Pell Grant program allows mil-
15 lions of people of the United States to attend college
16 and is especially vital for students of color. Three in
17 5 African American undergraduate students, and
18 one-half of all Latino undergraduate students, rely
19 on the Federal Pell Grant program.

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

1 (6) To stabilize Federal Pell Grant funding and
 2 ensure the grant will continue to serve millions of
 3 students now and in the future, the program should
 4 become a fully mandatory program that grows with
 5 inflation.

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

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

11 (a) TABLE OF CONTENTS.—The table of contents of
 12 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 recipi-
 ents 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 de-
 terminations.

Sec. 10. Conforming amendments.

Sec. 11. Effective date.

13 (b) REFERENCES.—Except as otherwise expressly
 14 provided, whenever in this Act an amendment or repeal
 15 is expressed in terms of an amendment to, or repeal of,
 16 a section or other provision, the reference shall be consid-
 17 ered to be made to a section or other provision of the
 18 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

1 **SEC. 4. DOUBLING FEDERAL PELL GRANTS AND PRO-**
 2 **VIDING ALL FEDERAL PELL GRANTS**
 3 **THROUGH MANDATORY FUNDING.**

4 (a) AMOUNT OF MINIMUM FEDERAL PELL
 5 GRANTS.—Section 401 (20 U.S.C. 1070a), as amended by
 6 section 703 of the FAFSA Simplification Act (title VII
 7 of division FF of Public Law 116–260) (referred to in
 8 this Act as the “FAFSA Simplification Act”), is further
 9 amended—

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

12 (2) in subsection (b)—

13 (A) in paragraph (1)(B)(i), by striking
 14 “paragraph (5)(A)” and inserting “paragraph
 15 (5)”;

16 (B) by striking paragraph (5) and insert-
 17 ing the following:

18 “(5) MAXIMUM FEDERAL PELL GRANT.—

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

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

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

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

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

10 “(F) AWARD YEAR 2028–2029 AND SUBSE-
11 QUENT YEARS.—For award year 2028–2029,
12 and each subsequent award year, the total max-
13 imum Federal Pell Grant award shall be
14 \$13,000—

15 “(i) increased by the adjustment per-
16 centage for the award year for which the
17 amount under this subparagraph is being
18 determined; and

19 “(ii) rounded to the nearest \$50.

20 “(G) DEFINITION OF ADJUSTMENT PER-
21 CENTAGE.—In this paragraph, the term ‘adjust-
22 ment percentage,’ as applied to an award year,
23 is equal to the percentage increase in the Con-
24 sumer Price Index, as defined in section 478(f),

1 between April 2026 and the April in the year
2 prior to the beginning of the award year.”;

3 (C) by striking paragraphs (6) and (7) and
4 inserting the following:

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

13 (D) by redesignating paragraphs (8) and
14 (9) as paragraphs (7) and (8), respectively;
15 (3) in subsection (d)(5)(B)(ii)—

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

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

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

21 “(III) during a period for which
22 the student did not receive a loan
23 under this title but for which, if the
24 student had received such a loan, the
25 student would have qualified for loan

1 forgiveness under subclause
 2 (II)(bb)(CC).”;

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

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

6 (b) REPEAL OF SCORING REQUIREMENT.—

7 (1) IN GENERAL.—Section 406 of H. Con. Res.
 8 95 (109th Congress) is amended—

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

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

12 (2) EFFECTIVE DATE.—The amendments made
 13 by paragraph (1) shall take effect beginning on July
 14 1, 2023.

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

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

21 **SEC. 5. PROVIDING INCREASED FEDERAL PELL GRANTS**
 22 **AND OTHER ASSISTANCE FOR RECIPIENTS**
 23 **OF MEANS-TESTED BENEFITS.**

24 (a) INCREASED AMOUNT OF MAXIMUM FEDERAL
 25 PELL GRANTS FOR STUDENTS WITH NEGATIVE STU-

1 DENT AID INDEXES.—Section 401(b)(1) (20 U.S.C.
 2 1070a(b)(1)), as amended by section 4 and section 703
 3 of the FAFSA Simplification Act, is further amended—

4 (1) in subparagraph (A)—

5 (A) in the matter preceding clause (i), by
 6 striking “A student” and inserting “Except in
 7 the case of a student with a student aid index
 8 of less than zero, a student”;

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

10 (C) by redesignating clauses (ii) and (iii)
 11 as clauses (i) and (ii), respectively;

12 (2) by redesignating subparagraphs (B)
 13 through (E) as subparagraphs (C) through (F), re-
 14 spectively;

15 (3) by inserting after subparagraph (A) the fol-
 16 lowing:

17 “(B) A student with a student aid index of
 18 less than zero shall receive a Federal Pell Grant
 19 award that exceeds the total maximum Federal
 20 Pell Grant by an amount equal to the amount
 21 by which the student’s student aid index is less
 22 than zero.”;

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

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

6 (B) in clause (ii), by striking “, except that
 7 a student aid index of less than zero shall be
 8 considered to be zero for the purposes of this
 9 clause”;

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

13 (6) in subparagraph (E), as redesignated by
 14 paragraph (2), by inserting “or an increased Federal
 15 Pell Grant under subparagraph (B)” after “subpara-
 16 graph (A)”;

17 (7) in subparagraph (F), as redesignated by
 18 paragraph (2), by striking “or a minimum Federal
 19 Pell Grant under subparagraph (C)” and inserting
 20 “an increased Federal Pell Grant under subpara-
 21 graph (B), or a minimum Federal Pell Grant under
 22 subparagraph (D)”.

23 (b) SPECIAL STUDENT AID INDEX RULE FOR RE-
 24 CIPIENTS OF MEANS-TESTED BENEFITS.—Section 473
 25 (20 U.S.C. 1087mm), as amended by section 702(b) of

1 the FAFSA Simplification Act, is further amended by
 2 adding at the end the following:

3 “(d) SPECIAL RULE FOR MEANS-TESTED BENEFIT
 4 RECIPIENTS.—Notwithstanding subsection (b), for an ap-
 5 plicant (or, as applicable, an applicant and spouse, or an
 6 applicant’s parents) who, at any time during the previous
 7 24-month period, received a benefit under a means-tested
 8 Federal benefit program (or whose parent or spouse re-
 9 ceived such a benefit, as applicable), the Secretary shall
 10 for the purposes of this title consider the student aid index
 11 as equal to −\$1,500 for the applicant.”.

12 **SEC. 6. FEDERAL PELL GRANT ELIGIBILITY FOR DREAMER**
 13 **STUDENTS.**

14 Section 484 (20 U.S.C. 1091), as amended by section
 15 702(n) of the FAFSA Simplification Act, is further
 16 amended—

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

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

21 “(u) DREAMER STUDENTS.—

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

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

1 “(ii) is inadmissible or deportable under
2 the Immigration and Nationality Act (8 U.S.C.
3 1101 et seq.); and

4 “(B)(i) in the case of such an individual
5 who was younger than 18 years of age on the
6 date on which the individual initially entered
7 the United States—

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

15 “(II) is enrolled at an institution of
16 higher education pursuant to subsection
17 (d);

18 “(III) has served in the uniformed
19 services (as such term is defined in section
20 101 of title 10, United States Code) for
21 not less than 2 years and, if discharged,
22 received an honorable discharge;

23 “(IV) has acquired a degree, certifi-
24 cate, or recognized postsecondary creden-
25 tial from an institution of higher education

1 or area career and technical education
2 school (as such term is defined in section
3 of the Carl D. Perkins Career and Tech-
4 nical Education Act of 2006 (20 U.S.C.
5 2302)); or

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

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

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

21 “(bb) the memorandum of the De-
22 partment of Homeland Security entitled
23 ‘Exercising Prosecutorial Discretion with
24 Respect to Individuals Who Came to the
25 United States as Children and with Re-

spect to Certain Individuals Who Are the
 Parents of U.S. Citizens or Permanent
 Residents’ issued on November 20, 2014;
 or

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

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

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

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

(1) in section 401—

(A) in subsection (c)—

(i) in paragraph (2)—

(I) by striking subparagraph (A);

and

- 1 (II) by redesignating subpara-
 2 graphs (B) and (C) as subparagraphs
 3 (A) and (B), respectively;
 4 (ii) in paragraph (3), by striking
 5 “(2)(B)(i)” and inserting “(2)(A)(i)”;
 6 (iii) by redesignating paragraph (5) as
 7 paragraph (7); and
 8 (iv) by inserting after paragraph (4)
 9 the following:

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

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

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

24 “(B) the maximum period determined
 25 under subsection (d)(5) shall be determined by

1 including all grants made under this section re-
 2 ceived by the eligible student and all grants so
 3 received under subpart 10 before the effective
 4 date of this subsection.”; and
 5 (2) by striking subpart 10 of part A (20 U.S.C.
 6 1070h).

7 (b) TRANSITION.—The Secretary shall take such
 8 steps as are necessary to transition from the Iraq and Af-
 9 ghanistan Service Grants program under subpart 10 of
 10 part A of title IV of the Higher Education Act of 1965
 11 (20 U.S.C. 1070h), as in effect on the day before the effec-
 12 tive date of this section, and the provision of Federal Pell
 13 Grants under section 401(c) of the Higher Education Act
 14 of 1965 (20 U.S.C. 1070a(c)), as amended by the FAFSA
 15 Simplification Act and this section.

16 **SEC. 8. RESTORING THE TOTAL SEMESTERS OF FEDERAL**
 17 **PELL GRANT ELIGIBILITY.**

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

21 **SEC. 9. REDUCING FINANCIAL AID PENALTIES FROM SATIS-**
 22 **FACTORY ACADEMIC PROGRESS DETERMINA-**
 23 **TIONS.**

24 Section 484(c) of the Higher Education Act of 1965
 25 (20 U.S.C. 1091(c)) is amended to read as follows:

1 “(c) SATISFACTORY PROGRESS.—

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

3 “(A) APPEAL.—The term ‘appeal’ means a
4 process by which a student who is not meeting
5 the institution’s satisfactory academic progress
6 standards petitions the institution for reconsid-
7 eration of the student’s eligibility for assistance
8 under this title.

9 “(B) FINANCIAL AID PROBATION.—The
10 term ‘financial aid probation’ means a status
11 assigned by an institution to a student who fails
12 to make satisfactory academic progress and
13 who has appealed and has had eligibility for aid
14 reinstated.

15 “(C) FINANCIAL AID WARNING.—The term
16 ‘financial aid warning’ means a status assigned
17 to a student who fails to make satisfactory aca-
18 demic progress at the end of the semester or
19 equivalent period in which the student first fails
20 to make such progress.

21 “(D) PAYMENT PERIOD.—The term ‘pay-
22 ment period’ means the applicable payment pe-
23 riod described in section 668.4 of title 34, Code
24 of Federal Regulations, or any successor regula-
25 tion.

1 “(2) SATISFACTORY ACADEMIC PROGRESS POL-
2 ICY.—An institution shall establish a reasonable sat-
3 isfactory academic progress policy for determining
4 whether an otherwise eligible student is making sat-
5 isfactory academic progress in the student’s edu-
6 cational program and may receive assistance under
7 this title. The Secretary shall consider the institu-
8 tion’s policy to be reasonable if—

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

12 “(B) the policy provides for consistent ap-
13 plication of standards to all students, including
14 full-time, part-time, undergraduate, and grad-
15 uate students, and all educational programs es-
16 tablished by the institution;

17 “(C)(i) the policy specifies the grade point
18 average that a student must achieve at each
19 evaluation, or if a grade point average is not an
20 appropriate qualitative measure, a comparable
21 assessment measured against a norm; and

22 “(ii) if a student is enrolled in an edu-
23 cational program of more than 2 academic
24 years, the policy specifies that at the end of the
25 second academic year, the student must have a

1 grade point average of at least a ‘C’ or its
2 equivalent, or have academic standing con-
3 sistent with the institution’s requirements for
4 graduation;

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

7 “(E) the policy describes—

8 “(i) how a student’s grade point aver-
9 age and the pace at which the student pro-
10 gresses toward completion are affected by
11 course incompletes, withdrawals, or repeti-
12 tions, or transfers of credit from other in-
13 stitutions, including that credit hours from
14 another institution that are accepted to-
15 ward the student’s educational program
16 are counted as both attempted and com-
17 pleted hours; and

18 “(ii) how after a student reenrolls
19 after the student’s satisfactory academic
20 progress was reset pursuant to paragraph
21 (3)(B), the student may have any credits
22 that were earned before the student was
23 determined not to be making satisfactory
24 academic progress counted for purposes of
25 determining progress when the student re-

1 enrolls, but any attempted hours that were
2 not earned by the student (including in-
3 completes, withdrawn courses, and failed
4 courses) before the student was determined
5 not to be making satisfactory academic
6 progress will not negatively impact the de-
7 termination of whether the student made
8 satisfactory academic progress after such
9 reset;

10 “(F) the policy provides that, except as
11 provided in subparagraph (G) with respect to a
12 student placed on financial aid warning or fi-
13 nancial aid probation and paragraph (3), a stu-
14 dent is no longer eligible to receive assistance
15 under this title if the student has not achieved
16 the required grade point average or who is not
17 making progress toward completion in the stu-
18 dent’s educational program—

19 “(i) at the time of each evaluation
20 with respect to a student who is in an edu-
21 cational program of 2 academic years or
22 less in length; or

23 “(ii) at the end of the second aca-
24 demic year with respect to a student who

1 is in an educational program of more than
 2 2 academic years in length;

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

7 “(i) a student on financial aid warn-
 8 ing—

9 “(I) may receive assistance under
 10 the this title for one payment period
 11 despite a determination that the stu-
 12 dent is not making satisfactory aca-
 13 demic progress; and

14 “(II) may be assigned such sta-
 15 tus without an appeal or other action
 16 by the student; and

17 “(ii)(I) a student on financial aid pro-
 18 bation may receive assistance under this
 19 title for one payment period and the insti-
 20 tution may require the student to fulfill
 21 specific terms and conditions, such as tak-
 22 ing a reduced course load or enrolling in
 23 specific courses; and

24 “(II) at the end of such one payment
 25 period, the student is required to meet the

1 institution's satisfactory academic progress
2 standards, or meet the requirements of the
3 academic plan developed by the institution
4 and the student, in order to qualify for
5 continued assistance under this title;

6 “(H) if the institution permits a student to
7 appeal a determination by the institution that
8 the student is not making satisfactory academic
9 progress, the policy describes—

10 “(i) how the student may reestablish
11 the student's eligibility to receive assist-
12 ance under this title;

13 “(ii) the basis on which the student
14 may file an appeal, including because of
15 the death of a relative, an injury or illness
16 of the student, or another special cir-
17 cumstance; and

18 “(iii) information the student is re-
19 quired to submit regarding why the stu-
20 dent failed to make satisfactory academic
21 progress, and what has changed in the stu-
22 dent's situation that will allow the student
23 to demonstrate satisfactory academic
24 progress at the next evaluation;

1 “(I) if the institution does not permit a
 2 student to appeal a determination by the insti-
 3 tution that the student is not making satisfac-
 4 tory academic progress, the policy describes
 5 how the student may reestablish the student’s
 6 eligibility to receive assistance under this title;

7 “(J) the policy provides for notification to
 8 students of the results of an evaluation that im-
 9 pacts the student’s eligibility for assistance
 10 under this title; and

11 “(K) the policy does not impose satisfac-
 12 tory progress limitations on need-based institu-
 13 tional aid that are more stringent than the
 14 standard applied under this subsection without
 15 demonstrating to the Secretary the effectiveness
 16 of such limitations on improving student per-
 17 sistence in, and completion of, postsecondary
 18 study.

19 “(3) REGAINING ELIGIBILITY.—

20 “(A) STUDENTS WHO REMAIN IN
 21 SCHOOL.—Whenever a student fails to meet the
 22 eligibility requirements of subsection (a)(2) as a
 23 result of the application of this subsection and,
 24 subsequent to that failure, the student has aca-
 25 demic standing for any grading period con-

1 sistent with the requirements for staying on
2 track to graduate within 150 percent of the
3 published length of the educational program, as
4 determined by the institution, the student shall
5 again be eligible under subsection (a)(2) for a
6 grant, loan, or work assistance under this title,
7 as long as the student maintains satisfactory
8 academic progress under paragraph (2) begin-
9 ning on and after the date that the student re-
10 gains eligibility.

11 “(B) STUDENTS WHO LEAVE SCHOOL.—

12 “(i) IN GENERAL.—If a student has
13 not been enrolled in any institution of
14 higher education for the immediately pre-
15 ceding 2 years, any previous failure to
16 meet the eligibility requirements of sub-
17 section (a)(2) shall not be used in any de-
18 termination of eligibility of such student
19 under such subsection. Such student shall,
20 on the date of enrollment subsequent to
21 such 2-year period, have the student’s eli-
22 gibility for a grant, loan, or work assist-
23 ance under this title reset and be deemed
24 as meeting the requirements described in
25 paragraph (2). Beginning on and after

such date, the student's satisfactory academic progress shall be determined in accordance with paragraph (2)(E)(ii).

“(ii) MAXIMUM NUMBER OF RESETS.—A student shall be eligible for a reset of eligibility pursuant to this subparagraph not more than 2 times.

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

“(i) send, to each student who failed to meet the eligibility requirements of subsection (a)(2) and who has not regained eligibility for a grant, loan, or work assistance under subparagraph (A), a notice, two years after such failure, that includes—

“(I) a notification that, if the student has not been enrolled in any institution of higher education for the preceding two years and has not received two resets of eligibility under subparagraph (B), the student may use grant, loan, or work assistance under this title for enrollment at any eligible institution, including an insti-

1 tution other than the institution in
2 which the student was previously en-
3 rolled;

4 “(II) a notification that, if the
5 student has remained enrolled, or re-
6 sumed enrollment, at an institution of
7 higher education, the student may be
8 eligible for a grant, loan, or work as-
9 sistance under this title subject to the
10 requirements of subparagraph (A);

11 “(III) information on how many
12 semesters of eligibility for a grant,
13 loan, or work assistance under this
14 title to which the student still has ac-
15 cess; and

16 “(IV) a notification that the stu-
17 dent should ask any prospective eligi-
18 ble institution how many of the stu-
19 dent’s previously completed credits the
20 student would be able to transfer; and

21 “(ii) submit an annual report to Con-
22 gress on the outcomes of students who
23 have received a reset of eligibility pursuant
24 to this paragraph, including—

1 “(I) the number of students who
 2 reenroll in an eligible institution after
 3 such reset, disaggregated by race or
 4 ethnicity, sex, age, socioeconomic sta-
 5 tus, and disability status;

6 “(II) the 250 eligible institutions
 7 with the highest numbers of enrolled
 8 students receiving grant, loan, or
 9 work assistance under this title after
 10 such a reset;

11 “(III) the 250 eligible institu-
 12 tions with the highest share of en-
 13 rolled students receiving grant, loan,
 14 or work assistance under this title
 15 after such a reset; and

16 “(IV) the average completion
 17 rate and time to completion for stu-
 18 dents who reenroll in an eligible insti-
 19 tution after such reset, disaggregated
 20 by institution.

21 “(4) EVALUATION OF ACADEMIC PROGRESS.—

22 “(A) IN GENERAL.—An institution that
 23 determines that a student is not making satis-
 24 factory academic progress under its policy may
 25 disburse funds provided through student finan-

1 cial assistance programs under this title (in-
 2 cluding work-study programs under subtitle C)
 3 to the student in accordance with subpara-
 4 graphs (B), (C), and (D).

5 “(B) PAYMENT PERIOD FOLLOWING NOT
 6 MAKING SATISFACTORY ACADEMIC PROGRESS.—
 7 For the payment period following the payment
 8 period in which a student did not make satis-
 9 factory academic progress, the institution shall
 10 place the student on financial aid warning and
 11 disburse funds under this title to the student.

12 “(C) PAYMENT PERIOD FOLLOWING FI-
 13 NANCIAL AID WARNING.—For the payment pe-
 14 riod following a payment period during which a
 15 student was on financial aid warning, the insti-
 16 tution may place the student on financial aid
 17 probation, and disburse funds under this title to
 18 the student if—

19 “(i) the institution evaluates the stu-
 20 dent’s progress and determines that stu-
 21 dent did not make satisfactory academic
 22 progress during the payment period the
 23 student was on financial aid warning;

24 “(ii) the student appeals the deter-
 25 mination; and

1 “(iii)(I) the institution determines
 2 that the student should be able to meet the
 3 institution’s satisfactory academic progress
 4 standards by the end of the subsequent
 5 payment period; or

6 “(II) the institution develops an aca-
 7 demic plan for the student that, if fol-
 8 lowed, will ensure that the student is able
 9 to meet the institution’s satisfactory aca-
 10 demic progress standards by a specific
 11 point in time.

12 “(D) PAYMENT PERIOD FOLLOWING FI-
 13 NANCIAL AID PROBATION.—A student on finan-
 14 cial aid probation for a payment period may not
 15 receive funds under this title for the subsequent
 16 payment period unless the student makes satis-
 17 factory academic progress or the institution de-
 18 termines that the student met the requirements
 19 specified by the institution in the academic plan
 20 for the student developed under subparagraph
 21 (C)(iii)(II).

22 “(E) FREQUENCY OF ACADEMIC PROGRESS
 23 EVALUATION AND COMMUNICATION.—

24 “(i) IN GENERAL.—Subject to clause
 25 (ii), for the purpose of determining wheth-

er presently enrolled students are maintaining satisfactory progress, each institution of higher education that enrolls students who receive any grant, loan, or work assistance under this title shall review the progress of such students at the end of each payment period.

“(ii) SHORTER PAYMENT PERIODS.—For each institution described in clause (i) that has payment periods that are shorter than on the semester system basis (such as on a quarterly or trimester system basis or by clock hour program or non-term program), such institution shall review the progress of presently enrolled students at the end of each semester or equivalent period of 12 to 18 weeks.

“(iii) FINANCIAL AID WARNING.—At the end of each payment period (or, in the case of an institution described in clause (ii), at the end of each semester or equivalent period), each institution shall send a financial aid warning to presently enrolled students that do not meet the grade point average requirement described in para-

graph (2), or its equivalent or academic standing consistent with the requirements for graduation, as determined by the institution, that informs the students of their risk of being determined to not be maintaining satisfactory progress and therefore losing eligibility for grant, loan, or work assistance under this title and provides information on—

“(I) the specific criteria of the institution’s academic requirements that the student is not meeting and the specific improvements needed to meet the requirements; and

“(II) how to meet with the student’s academic advisor to get the academic support the student needs.

“(5) DETAILING REQUIREMENTS TO STUDENTS.—Each institution of higher education that enrolls students who receive any grant, loan, or work assistance under this title shall detail the institution’s requirements regarding students maintaining satisfactory academic progress—

“(A) to such students before the students begin classes at the institution through a de-

1 tailed communication that may be separate
2 from a financial aid offer; and

3 “(B) on the financial aid webpage of the
4 website of the institution.

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

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

8 “(i) to support institutions of higher
9 education in carrying out paragraph (5);
10 and

11 “(ii) which shall be available as re-
12 sources for institutions of higher edu-
13 cation; and

14 “(B) shall not require the use of such
15 practices and templates by institutions of high-
16 er education.”.

17 **SEC. 10. CONFORMING AMENDMENTS.**

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

19 (1) in section 401A(d)(1)(B)(i) (20 U.S.C.
20 1070a–1(d)(1)(B)(i)), by striking “section
21 401(b)(2)(B)” and inserting “section 401(b)(2)”;

22 (2) in section 402D(d)(1) (20 U.S.C. 1070a–
23 14(d)(1))—

24 (A) by striking “section 401(b)(2)(A)” and
25 inserting “section 401(b)(1)”; and

1 (B) by striking “described in section
 2 401(b)(4)” and inserting “as defined in section
 3 401(a)”;

4 (3) in section 435(a)(5)(A)(i)(I) (20 U.S.C.
 5 1085(a)(5)(A)(i)(I)), by striking “under section
 6 401(b)(2)(A)” and inserting “, as appropriate,
 7 under section 401(b)(2)(A) (as in effect on the day
 8 before the effective date under section 701(b) of the
 9 FAFSA Simplification Act (title VII of division FF
 10 of Public Law 116–260)) or section 401(b)(1)”;

11 (4) in section 485E(b)(1)(A) (20 U.S.C.
 12 1092f(b)(1)(A)), by striking “section 401(b)(2)(A)”
 13 and inserting “section 401(b)(1)”; and

14 (5) in section 894(f)(2)(C)(ii)(I) (20 U.S.C.
 15 1161y(f)(2)(C)(ii)(I)), by striking “section
 16 401(b)(2)(A)” and inserting “section 401(b)(1)”.

17 **SEC. 11. EFFECTIVE DATE.**

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

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