

119TH CONGRESS  
2D SESSION

# S. 4114

To amend the Higher Education Act of 1965 to provide for institutional ineligibility based on low cohort repayment rates and to require risk-sharing payments of institutions of higher education.

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## IN THE SENATE OF THE UNITED STATES

MARCH 17, 2026

Mrs. SHAHEEN (for herself and Mr. YOUNG) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To amend the Higher Education Act of 1965 to provide for institutional ineligibility based on low cohort repayment rates and to require risk-sharing payments of institutions of higher education.

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 “Student Protection and  
5 Success Act”.

1 **SEC. 2. INSTITUTIONAL INELIGIBILITY BASED ON LOW CO-**  
 2 **HORT REPAYMENT RATE.**

3 (a) IN GENERAL.—Section 455 of the Higher Edu-  
 4 cation Act of 1965 (20 U.S.C. 1087e) is amended by add-  
 5 ing at the end the following:

6 “(r) INELIGIBILITY DUE TO LOW COHORT REPAY-  
 7 MENT RATE.—

8 “(1) IN GENERAL.—Beginning with fiscal year  
 9 2028 and each succeeding fiscal year, an institution  
 10 that has a cohort repayment rate that is equal to or  
 11 less than 15 percent shall not be eligible to partici-  
 12 pate in a program under this part for such fiscal  
 13 year and for the 2 succeeding fiscal years.

14 “(2) APPEALS.—

15 “(A) IN GENERAL.—An institution may  
 16 appeal the loss of eligibility under this sub-  
 17 section to the Secretary within 30 days of re-  
 18 ceiving notification from the Secretary of the  
 19 loss of eligibility under this subsection.

20 “(B) CONTINUED PARTICIPATION.—Dur-  
 21 ing an appeal under subparagraph (A), the Sec-  
 22 retary may permit the institution to continue to  
 23 participate in a program under this part if the  
 24 institution demonstrates to the satisfaction of  
 25 the Secretary that the Secretary’s calculation of  
 26 its cohort repayment rate is not accurate, and

1           that recalculation would increase its cohort re-  
2           payment rate to be more than 15 percent.

3           “(C) REQUIRED PAYMENT.—If an institu-  
4           tion continues to participate in a program  
5           under this part, and the institution’s appeal of  
6           the loss of eligibility is unsuccessful, the institu-  
7           tion shall be required to pay to the Secretary an  
8           amount equal to the amount of loans made by  
9           the Secretary under this part to borrowers at-  
10          tending, or planning to attend, that institution  
11          during the pendency of such appeal and the in-  
12          terest, special allowance, reinsurance, and any  
13          related payments made by the Secretary (or  
14          which the Secretary is obligated to make) with  
15          respect to such loans.

16          “(3) COHORT REPAYMENT RATE.—

17                 “(A) IN GENERAL.—In this subsection, the  
18                 term ‘cohort repayment rate’ means, for any  
19                 fiscal year beginning with fiscal year 2028—

20                         “(i) in the case in which 30 or more  
21                         borrowers at the institution enter repay-  
22                         ment on Federal Direct Stafford Loans,  
23                         Federal Direct Unsubsidized Stafford  
24                         Loans, Federal Direct PLUS Loans, or  
25                         Federal Direct Consolidation Loans, re-

1           ceived for attendance at the institution, the  
2           percentage of those borrowers who are not  
3           in default and who make at least a one  
4           dollar reduction on their initial student  
5           loan principal balance before the end of the  
6           second fiscal year following the fiscal year  
7           in which the borrowers entered repayment,  
8           except as provided in subparagraph (B);  
9           and

10           “(ii) in the case in which less than 30  
11           borrowers at the institution enter repay-  
12           ment on Federal Direct Stafford Loans,  
13           Federal Direct Unsubsidized Stafford  
14           Loans, Federal Direct PLUS Loans, or  
15           Federal Direct Consolidation Loans, re-  
16           ceived for attendance at the institution, the  
17           percentage of those borrowers plus all of  
18           the borrowers at the institution who en-  
19           tered repayment on such loans (or on the  
20           portion of a loan made under section 428C  
21           that is used to repay any such loans) in  
22           the 3 fiscal years preceding the fiscal year  
23           for which the determination is made, who  
24           are not in default and who make at least  
25           a one dollar reduction on their initial stu-

1 dent loan principal balance before the end  
2 of the second fiscal year following the year  
3 in which the borrowers entered repayment,  
4 except as provided in subparagraph (B).

5 “(B) EXCEPTION.—The ‘cohort repayment  
6 rate’ calculation under subparagraph (A) shall  
7 not include in the calculation a borrower who  
8 is—

9 “(i) in deferment on repayment of a  
10 loan described in subparagraph (A) due to  
11 study in an approved graduate fellowship  
12 program or in an approved rehabilitation  
13 training program for the disabled;

14 “(ii) in deferment on repayment of a  
15 loan described in subparagraph (A) during  
16 a period of at least half-time enrollment in  
17 college or a career school;

18 “(iii) in deferment on repayment of a  
19 loan described in subparagraph (A) during  
20 a period of service qualifying for loan dis-  
21 charge or cancellation under part E;

22 “(iv) in deferment on repayment of a  
23 loan described in subparagraph (A) due to  
24 active duty military service of the borrower

1 during a war, military operation, or na-  
2 tional emergency;

3 “(v) in deferment on repayment of a  
4 loan described in subparagraph (A) during  
5 the 13 months following the conclusion of  
6 qualifying active duty military service by  
7 the borrower, or until the borrower returns  
8 to enrollment on at least a half-time basis,  
9 whichever is earlier, if the borrower is a  
10 member of the National Guard or other re-  
11 serve component of the Armed Forces and  
12 was called or ordered to active duty while  
13 enrolled at least half-time at an eligible  
14 school or within 6 months of having been  
15 enrolled at least half-time;

16 “(vi) in mandatory forbearance on re-  
17 payment of a loan described in subpara-  
18 graph (A) for the full fiscal year; or

19 “(vii) serving as a volunteer under the  
20 Peace Corps Act (22 U.S.C. 2501 et seq.)  
21 or the Domestic Volunteer Service Act of  
22 1973 (42 U.S.C. 4950 et seq.).

23 “(C) PUBLICATION OF REPAYMENT  
24 RATES.—The Secretary shall publish the cohort

1           repayment rates for institutions determined  
2           under this subsection.

3           “(4) NOTIFICATION.—Beginning with the first  
4           fiscal year for which data are available after the date  
5           of enactment of the Student Protection and Success  
6           Act and each succeeding fiscal year until fiscal year  
7           2028, the Secretary shall notify each institution that  
8           has a cohort repayment rate that is equal to or less  
9           than 15 percent that the institution risks losing eli-  
10          gibility to participate in a program under this  
11          part.”.

12          (b) INELIGIBILITY IN OTHER PROGRAMS.—

13               (1) PELL GRANTS.—Section 401(j) of the High-  
14          er Education Act of 1965 (20 U.S.C. 1070a(j)) is  
15          amended—

16                       (A) in the heading, by striking “BASED ON  
17          DEFAULT RATES”;

18                       (B) in paragraph (1), by inserting “until  
19          fiscal year 2028” after “succeeding fiscal year”;

20                       (C) in paragraph (2), by inserting “or co-  
21          hort repayment rate determination” after “de-  
22          fault rate determination”; and

23                       (D) by adding at the end the following:

24                       “(3) INELIGIBILITY BASED ON LOW COHORT  
25          REPAYMENT RATES.—No institution of higher edu-

1 cation shall be an eligible institution for purposes of  
 2 this subpart if such institution of higher education  
 3 is ineligible to participate in a program under part  
 4 D due to a low cohort repayment rate, as deter-  
 5 mined under section 455(r).”.

6 (2) STUDENT LOAN INSURANCE PROGRAM.—  
 7 Section 435(a) of the Higher Education Act of 1965  
 8 (20 U.S.C. 1085(a)) is amended—

9 (A) in paragraph (2)—

10 (i) in the heading, by striking “BASED  
 11 ON HIGH DEFAULT RATES”;

12 (ii) in subparagraph (A), by striking  
 13 “An institution” and inserting “Until fis-  
 14 cal year 2028, an institution”; and

15 (iii) by adding at the end the fol-  
 16 lowing:

17 “(E) No institution of higher education shall be  
 18 an eligible institution for purposes of this part if  
 19 such institution of higher education is ineligible to  
 20 participate in a program under part D due to a low  
 21 cohort repayment rate, as determined under section  
 22 455(r).”; and

23 (B) in paragraph (6)(A), by inserting “and  
 24 until fiscal year 2028,” after “July 1, 1999,”.



1           (3) FEDERAL PERKINS LOANS.—Section 462 of  
2     the Higher Education Act of 1965 (20 U.S.C.  
3     1087bb) is amended—

4           (A) in subsection (a)—

5                 (i) in paragraph (1), by inserting “or  
6     the institution is ineligible to participate in  
7     a program under part D due to a low co-  
8     hort repayment rate, as determined under  
9     section 455(r)” after “subsection (f)”; and

10                (ii) in paragraph (2)(D), by inserting  
11     “or the institution is ineligible to partici-  
12     pate in a program under part D due to a  
13     low cohort repayment rate, as determined  
14     under section 455(r)” after “subsection  
15     (f)”; and

16           (B) in subsection (b)—

17                 (i) in paragraph (2), by inserting “or  
18     the institution is ineligible to participate in  
19     a program under part D due to a low co-  
20     hort repayment rate, as determined under  
21     section 455(r)” after “subsection (f)”; and

22                 (ii) in paragraph (3), by inserting “or  
23     the institution is ineligible to participate in  
24     a program under part D due to a low co-

hort repayment rate, as determined under  
section 455(r)” after “subsection (f)”;

(C) in subsection (e)—

(i) in paragraph (2), by inserting  
“until fiscal year 2028,” after “succeeding  
fiscal year”; and

(ii) in paragraph (3)—

(I) in subparagraph (A), by in-  
serting “until fiscal year 2028,” after  
“any succeeding fiscal year”; and

(II) by adding at the end the fol-  
lowing:

“(F) LOW COHORT REPAYMENT RATES.—

An institution that is ineligible to participate in  
a program under part D due to a low cohort re-  
payment rate, as determined under section  
455(r), shall not be eligible to participate in a  
program under this part.”; and

(D) in subsection (f)(2), by inserting “until  
fiscal year 2028,” after “subsequent years”.

### **SEC. 3. COLLEGE OPPORTUNITY BONUS PROGRAM.**

Subpart 1 of part A of title IV of the Higher Edu-  
cation Act of 1965 (20 U.S.C. 1070a et seq.) is amended  
by adding at the end the following:

1 **“SEC. 401B. COLLEGE OPPORTUNITY BONUS PROGRAM.**

2 “(a) PROGRAM AUTHORITY.—

3 “(1) IN GENERAL.—Beginning with fiscal year  
4 2028 and each succeeding fiscal year, the Secretary  
5 shall award grants to eligible institutions of higher  
6 education that are distributed under a formula de-  
7 termined by the Secretary under subsection (d).

8 “(2) ELIGIBLE INSTITUTION.—In this section,  
9 the term ‘eligible institution of higher education’  
10 means an institution of higher education that has a  
11 cohort repayment rate (as defined in section  
12 455(r)(3)) that is greater than 25 percent.

13 “(b) GRANTS.—The Secretary shall award grants to  
14 eligible institutions of higher education that the Secretary  
15 determines have a strong record of making college more  
16 affordable and increasing college access and success for  
17 low-income and moderate-income students.

18 “(c) USES OF FUNDS.—Each eligible institution of  
19 higher education that receives a grant under this section  
20 may use the grant funds to support reforms to further  
21 increase college access and success for low- and moderate-  
22 income students, by making key investments and adopting  
23 best practices, including by considering best practices re-  
24 ported under section 5 of the Student Protection and Suc-  
25 cess Act, and by—

1           “(1) awarding additional need-based financial  
2           aid to students enrolled at the institution who are el-  
3           igible to receive a Federal Pell Grant;

4           “(2) enhancing academic and student support  
5           services; and

6           “(3) establishing or expanding accelerated  
7           learning opportunities.

8           “(d) AMOUNT OF GRANT FUNDS.—

9           “(1) IN GENERAL.—Each eligible institution of  
10          higher education that receives a grant under this  
11          section shall receive annual grant funds based on a  
12          formula determined by the Secretary that equally  
13          considers—

14               “(A) the number and percentage of stu-  
15               dents enrolled at the institution who are eligible  
16               to receive a Federal Pell Grant;

17               “(B) the cohort repayment rate (as defined  
18               in section 455(r)(3)) of students enrolled at the  
19               institution who are eligible to receive a Federal  
20               Pell Grant; and

21               “(C) the institution’s student service ex-  
22               penditures as a percentage of the institution’s  
23               student service resources.

24           “(2) CAP.—Each eligible institution of higher  
25          education that receives a grant under this section

1 shall receive grant funds for a fiscal year in an  
2 amount that is not more than 2.5 percent of the  
3 amount equal to the eligible institution's total an-  
4 nual revenues and investment returns less auxiliary  
5 enterprise revenues and hospital revenues, as defined  
6 in the IPEDS Finance Survey, for the most recent  
7 fiscal year upon which the eligible institution's au-  
8 dited financial reports are available.

9 “(e) SUPPLEMENT NOT SUPPLANT.—Funds made  
10 available under this section shall be used to supplement,  
11 and not supplant—

12 “(1) other State funds that States would other-  
13 wise expend to carry out activities under this section  
14 to improve college affordability and graduate addi-  
15 tional low- and moderate-income students; and

16 “(2) institutional funds that eligible institutions  
17 of higher education receiving a grant under this sec-  
18 tion would otherwise expend to carry out activities  
19 under this section to improve college affordability  
20 and graduate additional low- and moderate-income  
21 students.

22 “(f) FUNDING.—The grant program under this sec-  
23 tion shall be funded only with risk-sharing payments re-  
24 ceived by the Secretary under section 454(e).”.

1 **SEC. 4. RISK-SHARING PAYMENTS.**

2 Section 454 of the Higher Education Act of 1965 (20  
3 U.S.C. 1087d) is amended—

4 (1) in subsection (a)—

5 (A) in paragraph (6), by striking “and”  
6 after the semicolon;

7 (B) in paragraph (7), by striking the pe-  
8 riod at the end and inserting “; and”; and

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

10 “(8) provide that the institution accepts the in-  
11 stitutional risk-sharing requirements under sub-  
12 section (e), if applicable.”; and

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

14 “(e) INSTITUTIONAL RISK-SHARING BASED ON CO-  
15 HORT NONREPAYMENT LOAN BALANCES.—

16 “(1) IN GENERAL.—Beginning with fiscal year  
17 2028 and each succeeding fiscal year, each institu-  
18 tion of higher education participating in the direct  
19 student loan program under this part shall remit to  
20 the Secretary, at such times as the Secretary may  
21 specify, a risk-sharing payment based on the cohort  
22 nonrepayment loan balance of the institution, as de-  
23 termined under paragraph (2).

24 “(2) DETERMINATION OF RISK-SHARING PAY-  
25 MENTS.—

1           “(A) DETERMINATION OF COHORT LOAN  
 2 BALANCE.—The cohort loan balance of an insti-  
 3 tution for a fiscal year equals the total principal  
 4 amount of all loans made under this part to at-  
 5 tend such institution for the cohort of bor-  
 6 rowers who entered repayment, deferment, or  
 7 forbearance on such loans in the third pre-  
 8 ceding fiscal year for which the determination is  
 9 made.

10           “(B) DETERMINATION OF COHORT NON-  
 11 REPAYMENT LOAN BALANCE.—

12           “(i) IN GENERAL.—The cohort non-  
 13 repayment loan balance of an institution  
 14 for a fiscal year equals, from the total  
 15 amount of the loans described in subpara-  
 16 graph (A), the total loan balance of those  
 17 borrowers who have not made at least a 1  
 18 dollar reduction in their principal balance  
 19 in the 3 consecutive fiscal years since their  
 20 loans entered repayment, deferment, or  
 21 forbearance.

22           “(ii) EXCEPTION.—The cohort non-  
 23 repayment loan balance calculation under  
 24 clause (i) shall not take into consideration  
 25 a borrower who was—

1           “(I) in deferment on repayment  
2 of a loan described in subparagraph  
3 (A) in the 3 consecutive fiscal years  
4 described in clause (i) due to study in  
5 an approved graduate fellowship pro-  
6 gram or in an approved rehabilitation  
7 training program for the disabled;

8           “(II) in deferment on repayment  
9 of a loan described in subparagraph  
10 (A) in the 3 consecutive fiscal years  
11 described in clause (i) during which  
12 time the borrower was in a period of  
13 at least half-time enrollment in college  
14 or a career school;

15           “(III) in deferment on repayment  
16 of a loan described in subparagraph  
17 (A) in the 3 consecutive fiscal years  
18 described in clause (i) during which  
19 time the borrower was in a period of  
20 service qualifying for loan discharge  
21 or cancellation under part E;

22           “(IV) in deferment on repayment  
23 of a loan described in subparagraph  
24 (A) in the 3 consecutive fiscal years  
25 described in clause (i) during which



1 time the borrower was on active duty  
2 military service during a war, military  
3 operation, or national emergency;

4 “(V) in mandatory forbearance  
5 on repayment of a loan described in  
6 subparagraph (A) for the full fiscal  
7 year; or

8 “(VI) serving as a volunteer  
9 under the Peace Corps Act (22 U.S.C.  
10 2501 et seq.) or the Domestic Volun-  
11 teer Service Act of 1973 (42 U.S.C.  
12 4950 et seq.), during the 3 consecu-  
13 tive fiscal years described in clause  
14 (i).

15 “(C) DETERMINATION OF PAYMENT.—

16 “(i) IN GENERAL.—

17 “(I) IN GENERAL.—Except as  
18 provided in subclause (II), the risk-  
19 sharing payment of an institution for  
20 a fiscal year equals 2 percent of the  
21 amount determined under clause (ii).

22 “(II) CAP.—The risk-sharing  
23 payment of an institution for a fiscal  
24 year shall not be more than 2.5 per-  
25 cent of the amount equal to the insti-

1           tution’s total annual revenues and in-  
 2           vestment returns less auxiliary enter-  
 3           prise revenues and hospital revenues,  
 4           as defined in the IPEDS Finance  
 5           Survey, for the most recent fiscal year  
 6           upon which the institution’s audited  
 7           financial reports are available.

8           “(ii) AMOUNT BASED ON COHORT  
 9           NONREPAYMENT LOAN BALANCE AND UN-  
 10          EMPLOYMENT RATE.—

11           “(I) IN GENERAL.—The amount  
 12           under this clause is determined by  
 13           subtracting the amount determined  
 14           under subclause (II) from the cohort  
 15           nonrepayment loan balance deter-  
 16           mined under subparagraph (B).

17           “(II) AMOUNT BASED ON UNEM-  
 18           PLOYMENT RATE.—The amount under  
 19           this subclause is determined by multi-  
 20           plying the average national unemploy-  
 21           ment rate, as defined by the Bureau  
 22           of Labor Statistics, for the 3 previous  
 23           fiscal years from the date of the de-  
 24           termination by the cohort loan balance  
 25           determined under subparagraph (A).

1           “(3) NOTIFICATION.—Beginning with the first  
2       fiscal year for which data are available after the date  
3       of enactment of the Student Protection and Success  
4       Act and each succeeding fiscal year until fiscal year  
5       2028, the Secretary shall notify each institution of  
6       higher education participating in the direct student  
7       loan program under this part of what the risk-shar-  
8       ing payment based on the cohort nonrepayment loan  
9       balance of the institution, as determined under para-  
10      graph (2), would be for such institution if such pro-  
11      vision were in effect.”.

12 **SEC. 5. REPORT.**

13       Not later than 6 months after the date of enactment  
14      of the Student Protection and Success Act, the Secretary  
15      of Education shall submit to Congress a report—

16           (1) on best practices for institutions of higher  
17       education to improve repayment rates; and

18           (2) that makes recommendations on how insti-  
19       tutions of higher education can improve repayment  
20       rates, with a particular emphasis on institutions that  
21       serve a high proportion of low-income students.

1 **SEC. 6. STUDENT SERVICE EXPENDITURES AND RE-**  
2 **SOURCES.**

3 Section 153(a)(1)(I) of the Education Sciences Re-  
4 form Act of 2002 (20 U.S.C. 9543(a)(1)(I)) is amended  
5 to read as follows:

6 “(I) the financing and management of edu-  
7 cation, including data on revenues and expendi-  
8 tures, and information regarding—

9 “(i) student service expenditures,  
10 that—

11 “(I) includes instruction, infor-  
12 mation technology, and other activities  
13 whose primary purpose is to con-  
14 tribute to students’ emotional and  
15 physical well-being and to their intel-  
16 lectual, cultural, and social develop-  
17 ment inside and outside the context of  
18 the formal instructional program; and

19 “(II) does not include expendi-  
20 tures on marketing, recruitment, or  
21 intercollegiate athletic programs;

22 “(ii) student service resources, which  
23 is a measure of an institution’s resources  
24 that could reasonably be allocated towards  
25 student service expenditures, including net  
26 tuition revenues, State and local appropria-

1            tions, endowment income, and revenues re-  
2            lated to student housing and food services  
3            less expenditures on student housing, food  
4            services, and the operations and mainte-  
5            nance of a plant; and  
6                   “(iii) recruitment and marketing ex-  
7            penditures;”.

○