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119TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
119–495

TERRITORIAL STUDENT ACCESS TO HIGHER EDUCATION ACT

FEBRUARY 11, 2026.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WALBERG, from the Committee on Education and Workforce, submitted the following

R E P O R T

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 6472]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Workforce, to whom was referred the bill (H.R. 6472) to amend the Higher Education Act of 1965 to provide for in-state tuition rates for certain residents of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the United States Virgin Islands, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Territorial Student Access to Higher Education Act".

SECTION 2. IN-STATE TUITION FOR CERTAIN RESIDENTS OF GUAM, THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, AMERICAN SAMOA, AND THE UNITED STATES VIRGIN ISLANDS.

(a) IN-STATE TUITION RATES.—Part C of title I of the Higher Education Act of 1965 (20 U.S.C. 1015 et seq.) is amended by inserting after section 135 the following:

"SEC. 135A. IN-STATE TUITION RATES FOR CERTAIN RESIDENTS OF GUAM, THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, AMERICAN SAMOA, AND THE UNITED STATES VIRGIN ISLANDS.

"(a) IN GENERAL.—A public institution of higher education that receives assistance under this Act shall not charge a covered individual tuition or fees for attendance at such institution at a rate that is greater than the rate charged for residents of the State in which such institution is located.

"(b) COVERED INDIVIDUAL.—In this section, the term 'covered individual' means an individual who—

"(1) is a resident of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, or the United States Virgin Islands; and

"(2) is a national of the United States (as such term is defined in section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a))).".

(b) PROGRAM PARTICIPATION AGREEMENT.—Section 487(a) of the Higher Education Act of 1965 (20 U.S.C. 1094(a)) is amended by adding at the end the following:

"(30) The institution will comply with the requirements of section 135A, as applicable.".

PURPOSE

H.R. 6472 amends the *Higher Education Act of 1965* (HEA) to provide for in-state tuition rates for eligible students from Guam, the Commonwealth of the Northern Mariana Islands (CNMI), American Samoa, and the United States Virgin Islands (USVI).

COMMITTEE ACTION

119TH CONGRESS

First Session—Hearings

On June 4, 2025, the Committee on Education and Workforce held a hearing on "Examining the Policies and Priorities of the Department of Education." The purpose of the hearing was to examine the policies and priorities of the Department of Education. The sole witness was the Honorable Linda McMahon, Secretary of Education, Washington, D.C. Delegate James Moylan (R–GU) highlighted the unique challenges faced by Guam and other U.S. territories, including small economies, geographic isolation, and financial constraints affecting infrastructure and academic competitiveness and asked how the administration plans to invest in and support students in these outlying areas so as to ensure access to educational opportunities despite these challenges.

Legislative Action

On December 4, 2025, Delegate Moylan introduced H.R. 6472, *To amend the Higher Education Act of 1965 to provide for in-state tuition rates for certain residents of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the United States Virgin Islands, and for other purposes.* The bill was referred solely to the Committee on Education and Workforce. On December 11, 2025, the Committee considered H.R. 6472 in legislative session and reported it favorably, as amended, to the House of Representatives by a recorded vote of 32–1.[1] The Committee considered the following amendments to H.R. 6472:

1. Delegate Moylan offered an Amendment in the Nature of a Substitute to provide the bill's short title of *Territorial Student Access to Higher Education Act* and clarify that covered individuals may also not be charged fees for attendance greater

[1] https://www.congress.gov/bill/119th-congress/house-bill/6472/all-actions?s=2&r=1.

than the rate of in-state residents. The amendment was adopted by voice vote.

2. Rep. Alma Adams (D–NC) offered an amendment to require the federal government to reimburse each public school for the difference between in-state and out-of-state tuition for students taking advantage of the benefit in the bill. The amendment failed by a roll call vote of 14–19.

COMMITTEE VIEWS

INTRODUCTION

The U.S. territories face unique geographic and economic challenges that limit access to higher education. Small populations, isolated locations, and constrained local economies make it difficult for residents to pursue specialized training or advanced degrees within their home territories. The *Territorial Student Access to Higher Education Act* amends the HEA to ensure residents and U.S. nationals from Guam, CNMI, American Samoa, and USVI receive in-state tuition at public universities in the 50 states.

IMPORTANCE OF U.S. TERRITORIES

Strategically located territories such as Guam, American Samoa, and CNMI host key military outposts in the Pacific that are critical in efforts to protect American interests in that region.

For example, the Department of Defense owns 25 percent of land on Guam and stations around 6,400 active-duty servicemembers there.[2] Guam is home to major military bases such as Anderson Air Force Base and Naval Base Apra Harbor.[3] Given its proximity to China, Guam serves as a critical logistics hub for U.S. military operations in the Pacific, while also being vulnerable to nuclear-capable missiles from China and North Korea.[4] In 2016, China armed itself with the Dong Feng–26 (DF–26) missile, which was the first conventionally armed ballistic missile capable of striking Guam.[5] In September 2025, China hosted a parade along with Russia and North Korea touting these DF–26 missiles.[6] Over 4,000 U.S. Marines previously stationed in Okinawa are also currently in the process of moving to Guam.[7]

CNMI has a U.S. military airfield at Tinian and conducts joint U.S. military training activities with allies, highlighting the territory's growing role in supporting operations and maintaining a free and open Indo-Pacific.[8] CNMI, along with Guam, is located on what the Heritage Foundation described as the "second island chain" in the Pacific, an area where U.S. presence is critical to minimize Chinese influence.[9]

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[2] https://www.congress.gov/crs-product/R47643.
[3] https://www.heritage.org/defense/report/the-plan-defend-guam-missile-threats-years-completion-more-investment-needed-now.
[4] https://www.congress.gov/crs-product/R47643.
[5] https://missilethreat.csis.org/missile/dong-feng-26-df-26/.
[6] https://www.defensenews.com/global/asia-pacific/2025/09/03/china-to-parade-new-missiles-in-beijing-including-guam-killer/.
[7] https://english.kyodonews.net/articles/-/53515.
[8] https://ipdefenseforum.com/2025/04/airfield-upgrade-highlights-northern-mariana-islands-growing-role-in-free-and-open-indo-pacific/.
[9] https://www.heritage.org/china/report/the-pacific-pivot-american-strategy-the-pacific-islands.

American Samoa contributes personnel to the U.S. armed forces at a per-capita rate higher than any state.[10] On average over 160 residents of American Samoa enlist every year, a large per-capita number relative to the under 47,000 total residents.[11]

POSTSECONDARY EDUCATION IN THE TERRITORIES

Many residents of U.S. territories have limited opportunities to pursue postsecondary education due to constrained economies and geographic isolation. American Samoa has one community college: the American Samoa Community College.[12] USVI has one university: the University of the Virgin Islands.[13] The University of the Virgin Islands is one of the 105 colleges designated as a Historically Black College and University (HBCU).[14] CNMI has the Northern Marianas College system with three campuses.[15] Northern Marianas College students can receive both associate's and bachelor's degrees.[16] Guam has three postsecondary institutions: the University of Guam [17], Pacific Islands University,[18] and Guam Community College.[19]

The limited options contribute to lower degree attainment in the territories compared to the 50 states. The 2024 American Community Survey, which covers the 50 states, found that 36.8 percent of people above the age of 25 have a bachelor's degree or higher.[20] In contrast, the 2020 Decennial Census of Island Areas found that the postsecondary educational attainment for residents above the age of 25 in the four aforementioned territories is much lower. American Samoa is at 13.3 percent, USVI is at 23.3 percent, CNMI is at 21 percent, and Guam is at 25.3 percent.[21]

Providing the opportunity of in-state tuition to residents in the four territories will allow more residents to gain advanced training and degrees that might not otherwise be available. As more students receive postsecondary credentials, more of those students can decide to return to the territories after graduation, bringing skills and networks back home to benefit their local communities and economies. One example is Dr. Walter "Chris" Perez, who attended medical school at the University of California San Francisco before returning to Guam and joining the Guam Army National Guard Medical Corps.[22] Dr. Perez had a variety of roles in the medical community in Guam, including as Chairman of the Family Practice

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[10] https://recruiting.army.mil/News/Article/4313252/army-enlists-33-recruits-in-mass-soldier-swear-in-ceremony-in-american-samoa/.
[11] https://recruiting.army.mil/News/Article/4313252/army-enlists-33-recruits-in-mass-soldier-swear-in-ceremony-in-american-samoa/.
[12] https://www.amsamoa.edu/.
[13] https://www.uvi.edu/index.html.
[14] https://sites.ed.gov/whhbcu/one-hundred-and-five-historically-black-colleges-and-universities/.
[15] https://www.marianas.edu/.
[16] https://www.marianas.edu/.
[17] https://www.uog.edu/.
[18] https://www.piu.edu/.
[19] https://www.guamcc.edu/.
[20] https://data.census.gov/table/ACSST1Y2024.S1501?q=education+attainment.
[21] https://data.census.gov/table/DECENNIALCROSSTABGU2020.CT27?q=CT27:+Educational+Attainment,+Vocational+Training+and+Sex+by+Age.
[22] https://www.uog.edu/_resources/files/administration/board-of-regents/board-resolutions/bor_resolution_no._15-38.pdf.

Department at Guam Memorial Hospital.[23] Dr. Perez passed away in 2015.[24]

ELIGIBLE TERRITORY POPULATIONS

To be eligible for the in-state tuition benefit, students must be residents of the aforementioned four U.S. territories. A student must also be a U.S. national, which is a defined immigration term that includes U.S. citizens and those with "permanent allegiance" to the U.S.[25] The term "permanent allegiance" applies to residents born in American Samoa.[26]

Currently, a limited number of students from the territories attend institutions of higher education (IHEs) in the 50 states. Most recent data from fall 2022 shows this limited number. See the table below:[27]

TERRITORY	NUMBER OF RESIDENTS ATTENDING IHEs LOCATED IN THE 50 STATES + DISTRICT OF COLUMBIA IN FALL 2022
American Samoa	115
CNMI	77
Guam	228
USVI	512

Population estimates can also show roughly how many students may be pursuing postsecondary education and thus are eligible for the new in-state tuition benefit. Participation is contingent on whether a student chooses to attend an IHE, as well as whether the student meets the requirement to be a U.S. national. The table below shows numbers from the most recent Decennial Census of Island Areas in 2020.[28] Given the five-year lag in data, the estimated total includes those formerly in the 15–19 age range who could potentially be "college-aged" in 2025.

AGE (in 2020)	AMERICAN SAMOA	CNMI	GUAM	USVI
15 to 19 years	5,023	3,834	11,782	4,872
20 to 24 years	3,209	2,908	11,889	4,153
Estimated 2025 Total	8,232	6,742	23,671	9,025

PAST EXAMPLES OF IN-STATE TUITION BENEFITS

There is precedent for providing in-state tuition reciprocity benefits to specific populations. In the 113th Congress, the *Veterans Ac-*

[23] https://www.uog.edu/_resources/files/administration/board-of-regents/board-resolutions/bor_resolution_no._15-38.pdf.

[24] https://www.guampdn.com/news/local/local-doctor-public-servant-dies/article_dad068f0-7829-5537-852c-110e7a65c99c.html.

[25] https://www.law.cornell.edu/uscode/text/8/1101#a_22:~:text=%2822%29%20The%20term%20%E2%80%9Cnational%20of%20the%20United%20States%E2%80%9D%20means%20%28A%29%20a%20citizen%20of%20the%20United%20States%2C%20or%20%28B%29%20a%20person%20who%2C%20though%20not%20a%20citizen%20of%20the%20United%20States%2C%20owes%20permanent%20allegiance%20to%20the%20United%20States.

[26] https://www.nytimes.com/2022/11/25/world/australia/american-samoa-birthright-citizenship.html.

[27] From CRS: The table below was made using IPEDS Statistical Tables, by selecting "U.S. Only" for the universe of institutions (which includes the 50 states and the District of Columbia) and "State of residence when student was first admitted" among "First-time degree/certificate-seeking undergraduate students" in Fall 2022, the most recent year for which full data are available.

[28] From CRS: The table is sourced from Table CT1, "Sex, Age, Marital Status, and Children Ever Born (Fertility) by Race and Hispanic or Latino Origin," for each territory, as of the Decennial Census of Island Areas in 2020.

cess, Choice, and Accountability Act of 2014 (Public Law 113–146) established that U.S. veterans, their spouses, and dependents are eligible for in-state tuition rates at public colleges and universities for both undergraduate and graduate programs.[29]

This provision applies regardless of the state in which the veteran resides and took effect for academic terms beginning after July 1, 2015.[30]

In the 118th Congress, section 209(b)(1)(E) of Title II of Division G of the *Consolidated Appropriations Act of 2024* provided in-state tuition benefits for citizens of the Freely Associated States, which includes the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau.[31]

CONCLUSION

Although students from the U.S. territories face a litany of challenges, there is significant value in boosting their educational opportunities through the *Territorial Student Access to Higher Education Act*. Increased educational opportunities in the U.S. territories is essential to both national security and economic development, as a skilled local workforce strengthens U.S. military readiness and supports operations in strategically important Pacific locations. Ensuring students in the territories receive in-state tuition rates at mainland public universities gives those students access to advanced training and degrees not available locally. This also can increase the number of individuals with in-demand skills residing in the territories to build stronger, more resilient economies when they return. Expanding higher education opportunities also reinforces U.S. influence in the Indo-Pacific, supporting regional stability and countering strategic competitors such as China.

H.R. 6472 SECTION-BY-SECTION SUMMARY

Section 1—Short title

- *Territorial Student Access to Higher Education Act*

Section 2—In-state tuition for certain residents of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the United States Virgin Islands

- Amends section 135 of the HEA.
- Prohibits a public institution of higher education that receives assistance under the HEA from charging a covered individual tuition and fees greater than the rate charged for residents of the state in which the institution is located.
- Defines "covered individual" as:
  - A resident of Guam, CNMI, American Samoa, or USVI, and who
  - Is a national of the United States according to the *Immigration and Nationality Act*.
- Amends the program participation agreement in section 487 of the HEA to require an institution to comply, if applicable, to remain eligible for federal student aid.

[29] https://www.govinfo.gov/content/pkg/ PLAW-113publ146/pdf/PLAW-113publ146.pdf.
[30] https://www.va.gov/resources/in-state-tuition-rates-under-the-veterans-choice-act/.
[31] https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2024-04-29/state-tuition-and-title-iv-eligibility-citizens-freely-associated-states.

EXPLANATION OF AMENDMENTS

The amendments, including the amendment in the nature of a substitute, are explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of Public Law 104–1.

UNFUNDED MANDATE STATEMENT

Pursuant to Section 423 of the Congressional Budget and Impoundment Control Act of 1974, Pub. L. No. 93–344 (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act of 1995, Pub. L. No. 104–094), the Committee traditionally adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office (CBO) pursuant to section 402 of the Congressional Budget and Impoundment Control Act of 1974.

EARMARK STATEMENT

H.R. 6472 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of House rule XXI.

ROLL CALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

Date: 12/11/2025

COMMITTEE ON EDUCATION AND WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 2 Bill: H.R. 6472 Amendment Number: 1

Disposition: Not adopted by a Full Committee Roll Call Vote

Sponsor/Amendment: Rep. Adams (NC)
ADAMNC_558

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mr. WALBERG (MI) (Chairman)		X		Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)		X		Mr. COURTNEY (CT))	X		
Mrs. FOXX (NC)			X	Ms. WILSON (FL)	X		
Mr. THOMPSON (PA)		X		Ms. BONAMICI (OR)	X		
Mr. GROTHMAN (WI)		X		Mr. TAKANO (CA))	X		
Ms. STEFANIK (NY)		X		Ms. ADAMS (NC)	X		
Mr. ALLEN (GA)		X		Mr. DESAULNIER (CA)	X		
Mr. COMER (KY)			X	Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)		X		Ms. MCBATH (GA)	X		
Ms. MCCLAIN (MI)		X		Ms. HAYES (CT)	X		
Mrs. MILLER (IL)		X		Ms. OMAR (MN)	X		
Ms. LETLOW (LA)		X		Ms. STEVENS (MI)	X		
Mr. KILEY (CA)		X		Mr. CASAR (TX)			X
Mr. RULLI (OH)		X		Ms. LEE (PA)	X		
Mr. MOYLAN (GU)		X		Mr. MANNION (NY)	X		
Mr. ONDER (MO)		X		Ms. GRIJALVA (AZ)	X		
Mr. MACKENZIE (PA)		X					
Mr. BAUMGARTNER (WA)		X					
Mr. HARRIS (NC)		X					
Mr. MESSMER (IN)		X					
Mr. FINE (FL)		X					

TOTALS: Ayes: 14 Nos: 19 Not Voting: 4

Total: 37 / Quorum: 35 / Report: Failed

(21 R - 16 D)

Date: 12/11/2025

COMMITTEE ON EDUCATION AND WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 3 Bill: H.R. 6472 Amendment Number: N/A

Disposition: Adopted by a Full Committee Roll Call Vote (32y-1n)

Sponsor/Amendment: Motion to Report bill; as amended
Rep. Moylan (GU)

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mr. WALBERG (MI) (Chairman)	X			Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)	X			Mr. COURTNEY (CT))	X		
Mrs. FOXX (NC)			X	Ms. WILSON (FL)	X		
Mr. THOMPSON (PA)	X			Ms. BONAMICI (OR)	X		
Mr. GROTHMAN (WI)	X			Mr. TAKANO (CA))	X		
Ms. STEFANIK (NY)	X			Ms. ADAMS (NC)	X		
Mr. ALLEN (GA)	X			Mr. DESAULNIER (CA)	X		
Mr. COMER (KY)			X	Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)	X			Ms. MCBATH (GA)	X		
Ms. MCCLAIN (MI)	X			Ms. HAYES (CT)	X		
Mrs. MILLER (IL)	X			Ms. OMAR (MN)	X		
Ms. LETLOW (LA)	X			Ms. STEVENS (MI)	X		
Mr. KILEY (CA)	X			Mr. CASAR (TX)			X
Mr. RULLI (OH)	X			Ms. LEE (PA)	X		
Mr. MOYLAN (GU)	X			Mr. MANNION (NY)	X		
Mr. ONDER (MO)	X			Ms. GRIJALVA (AZ)	X		
Mr. MACKENZIE (PA)	X						
Mr. BAUMGARTNER (WA)	X						
Mr. HARRIS (NC)	X						
Mr. MESSMER (IN)	X						
Mr. FINE (FL)		X					

TOTALS: Ayes: 32 Nos: 1 Not Voting: 4

Total: 37 / Quorum: 35 / Report: Passed

(21 R - 16 D)

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause (3)(c) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 6472 is to provide for in-state tuition rates for covered individuals of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the United States Virgin Islands to improve U.S. military readiness, economic development in the territories, and U.S. influence in the Indo-Pacific.

DUPLICATION OF FEDERAL PROGRAMS

No provision of H.R. 6472 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

REQUIRED COMMITTEE HEARING

In compliance with clause 3(c)(6) of rule XIII the following hearing held during the 119th Congress was used to develop or consider H.R. 6472: On June 4, 2025, the Committee held a full committee hearing on "Examining the Policies and Priorities of the Department of Education."

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 6472. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when, as with the present report, the Committee adopts as its own the cost estimate for the bill prepared by the Director of the Congressional Budget Office.

H.R. 6472, Territorial Student Access to Higher Education Act

As ordered reported by the House Committee on Education and Workforce on December 11, 2025

By Fiscal Year, Millions of Dollars	2026	2026-2030	2026-2035
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2036?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2036?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between -$500,000 and $500,000.

H.R. 6472 would require public colleges and universities to charge in-state tuition to students who are U.S. nationals and residents of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, or the United States Virgin Islands, in order to remain eligible to participate in the federal student aid programs. Those programs include federal student loans, which are classified as direct spending, and Pell grants, which are funded with a combination of direct spending and appropriated funds.

CBO expects that institutions would comply with the bill's requirements to remain eligible for federal aid. CBO also anticipates that reducing tuition for eligible students could reduce the amount of Pell grants and federal student loans they receive. Conversely, some additional students might enroll in postsecondary education if tuition were lower, thus increasing the use of federal student aid.

CBO estimates that the number of students affected would be small and that enacting H.R. 6472 would not significantly affect direct spending or spending subject to appropriation for federal student aid.

Based on the cost of similar activities, CBO estimates that the cost to the Department of Education to implement H.R. 6472 would not be significant; any related spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Leah Koestner. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 6472. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when, as with the present report, the Committee has requested a cost estimate for the bill from the Director of the Congressional Budget Office.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

HIGHER EDUCATION ACT OF 1965

* * * * * * *

TITLE I—GENERAL PROVISIONS

* * * * * * *

PART C—COST OF HIGHER EDUCATION

* * * * * * *

SEC. 135A. IN-STATE TUITION RATES FOR CERTAIN RESIDENTS OF GUAM, THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, AMERICAN SAMOA, AND THE UNITED STATES VIRGIN ISLANDS.

(a) IN GENERAL.—A public institution of higher education that receives assistance under this Act shall not charge a covered individual tuition or fees for attendance at such institution at a rate that is greater than the rate charged for residents of the State in which such institution is located.

(b) COVERED INDIVIDUAL.—In this section, the term "covered individual" means an individual who—

(1) is a resident of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, or the United States Virgin Islands; and

(2) is a national of the United States (as such term is defined in section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a))).

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TITLE IV—STUDENT ASSISTANCE

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PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

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SEC. 487. PROGRAM PARTICIPATION AGREEMENTS.

(a) REQUIRED FOR PROGRAMS OF ASSISTANCE; CONTENTS.—In order to be an eligible institution for the purposes of any program authorized under this title, an institution must be an institution of higher education or an eligible institution (as that term is defined for the purpose of that program) and shall, except with respect to a program under subpart 4 of part A, enter into a program participation agreement with the Secretary. The agreement shall condition the initial and continuing eligibility of an institution to partici-

pate in a program upon compliance with the following requirements:

(1) The institution will use funds received by it for any program under this title and any interest or other earnings thereon solely for the purpose specified in and in accordance with the provision of that program.

(2) The institution shall not charge any student a fee for processing or handling any application, form, or data required to determine the student's eligibility for assistance under this title or the amount of such assistance.

(3) The institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under this title, together with assurances that the institution will provide, upon request and in a timely fashion, information relating to the administrative capability and financial responsibility of the institution to—

(A) the Secretary;

(B) the appropriate guaranty agency; and

(C) the appropriate accrediting agency or association.

(4) The institution will comply with the provisions of subsection (c) of this section and the regulations prescribed under that subsection, relating to fiscal eligibility.

(5) The institution will submit reports to the Secretary and, in the case of an institution participating in a program under part B or part E, to holders of loans made to the institution's students under such parts at such times and containing such information as the Secretary may reasonably require to carry out the purpose of this title.

(6) The institution will not provide any student with any statement or certification to any lender under part B that qualifies the student for a loan or loans in excess of the amount that student is eligible to borrow in accordance with sections 425(a), 428(a)(2), and 428(b)(1) (A) and (B).

(7) The institution will comply with the requirements of section 485.

(8) In the case of an institution that advertises job placement rates as a means of attracting students to enroll in the institution, the institution will make available to prospective students, at or before the time of application (A) the most recent available data concerning employment statistics, graduation statistics, and any other information necessary to substantiate the truthfulness of the advertisements, and (B) relevant State licensing requirements of the State in which such institution is located for any job for which the course of instruction is designed to prepare such prospective students.

(9) In the case of an institution participating in a program under part B or D, the institution will inform all eligible borrowers enrolled in the institution about the availability and eligibility of such borrowers for State grant assistance from the State in which the institution is located, and will inform such borrowers from another State of the source for further information concerning such assistance from that State.

(10) The institution certifies that it has in operation a drug abuse prevention program that is determined by the institution to be accessible to any officer, employee, or student at the institution.

(11) In the case of any institution whose students receive financial assistance pursuant to section 484(d), the institution will make available to such students a program proven successful in assisting students in obtaining a certificate of high school equivalency.

(12) The institution certifies that—

(A) the institution has established a campus security policy; and

(B) the institution has complied with the disclosure requirements of section 485(f).

(13) The institution will not deny any form of Federal financial aid to any student who meets the eligibility requirements of this title on the grounds that the student is participating in a program of study abroad approved for credit by the institution.

(14)(A) The institution, in order to participate as an eligible institution under part B or D, will develop a Default Management Plan for approval by the Secretary as part of its initial application for certification as an eligible institution and will implement such Plan for two years thereafter.

(B) Any institution of higher education which changes ownership and any eligible institution which changes its status as a parent or subordinate institution shall, in order to participate as an eligible institution under part B or D, develop a Default Management Plan for approval by the Secretary and implement such Plan for two years after its change of ownership or status.

(C) This paragraph shall not apply in the case of an institution in which (i) neither the parent nor the subordinate institution has a cohort default rate in excess of 10 percent, and (ii) the new owner of such parent or subordinate institution does not, and has not, owned any other institution with a cohort default rate in excess of 10 percent.

(15) The institution acknowledges the authority of the Secretary, guaranty agencies, lenders, accrediting agencies, the Secretary of Veterans Affairs, and the State agencies under subpart 1 of part H to share with each other any information pertaining to the institution's eligibility to participate in programs under this title or any information on fraud and abuse.

(16)(A) The institution will not knowingly employ an individual in a capacity that involves the administration of programs under this title, or the receipt of program funds under this title, who has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under this title, or has been judicially determined to have committed fraud involving funds under this title or contract with an institution or third party servicer that has been terminated under section 432 involving the acquisition, use, or expenditure of funds under this title, or who has been judicially determined to have committed fraud involving funds under this title.

(B) The institution will not knowingly contract with or employ any individual, agency, or organization that has been, or whose officers or employees have been—

(i) convicted of, or pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under this title; or

(ii) judicially determined to have committed fraud involving funds under this title.

(17) The institution will complete surveys conducted as a part of the Integrated Postsecondary Education Data System (IPEDS) or any other Federal postsecondary institution data collection effort, as designated by the Secretary, in a timely manner and to the satisfaction of the Secretary.

(18) The institution will meet the requirements established pursuant to section 485(g).

(19) The institution will not impose any penalty, including the assessment of late fees, the denial of access to classes, libraries, or other institutional facilities, or the requirement that the student borrow additional funds, on any student because of the student's inability to meet his or her financial obligations to the institution as a result of the delayed disbursement of the proceeds of a loan made under this title due to compliance with the provisions of this title, or delays attributable to the institution.

(20) The institution will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance, except that this paragraph shall not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance.

(21) The institution will meet the requirements established by the Secretary and accrediting agencies or associations, and will provide evidence to the Secretary that the institution has the authority to operate within a State.

(22) The institution will comply with the refund policy established pursuant to section 484B.

(23)(A) The institution, if located in a State to which section 4(b) of the National Voter Registration Act of 1993 (42 U.S.C. 1973gg–2(b)) does not apply, will make a good faith effort to distribute a mail voter registration form, requested and received from the State, to each student enrolled in a degree or certificate program and physically in attendance at the institution, and to make such forms widely available to students at the institution.

(B) The institution shall request the forms from the State 120 days prior to the deadline for registering to vote within the State. If an institution has not received a sufficient quantity of forms to fulfill this section from the State within 60 days prior to the deadline for registering to vote in the State, the institution shall not be held liable for not meeting the requirements of this section during that election year.

(C) This paragraph shall apply to general and special elections for Federal office, as defined in section 301(3) of the Fed-

eral Election Campaign Act of 1971 (2 U.S.C. 431(3)), and to the elections for Governor or other chief executive within such State).

(D) The institution shall be considered in compliance with the requirements of subparagraph (A) for each student to whom the institution electronically transmits a message containing a voter registration form acceptable for use in the State in which the institution is located, or an Internet address where such a form can be downloaded, if such information is in an electronic message devoted exclusively to voter registration.

(24) In the case of a proprietary institution of higher education (as defined in section 102(b)), such institution will derive not less than ten percent of such institution's revenues from sources other than Federal funds that are disbursed or delivered to or on behalf of a student to be used to attend such institution (referred to in this paragraph and subsection (d) as "Federal education assistance funds"), as calculated in accordance with subsection (d)(1), or will be subject to the sanctions described in subsection (d)(2).

(25) In the case of an institution that participates in a loan program under this title, the institution will—

(A) develop a code of conduct with respect to such loans with which the institution's officers, employees, and agents shall comply, that—

(i) prohibits a conflict of interest with the responsibilities of an officer, employee, or agent of an institution with respect to such loans; and

(ii) at a minimum, includes the provisions described in subsection (e);

(B) publish such code of conduct prominently on the institution's website; and

(C) administer and enforce such code by, at a minimum, requiring that all of the institution's officers, employees, and agents with responsibilities with respect to such loans be annually informed of the provisions of the code of conduct.

(26) The institution will, upon written request, disclose to the alleged victim of any crime of violence (as that term is defined in section 16 of title 18, United States Code), or a nonforcible sex offense, the report on the results of any disciplinary proceeding conducted by such institution against a student who is the alleged perpetrator of such crime or offense with respect to such crime or offense. If the alleged victim of such crime or offense is deceased as a result of such crime or offense, the next of kin of such victim shall be treated as the alleged victim for purposes of this paragraph.

(27) In the case of an institution that has entered into a preferred lender arrangement, the institution will at least annually compile, maintain, and make available for students attending the institution, and the families of such students, a list, in print or other medium, of the specific lenders for loans made, insured, or guaranteed under this title or private education loans that the institution recommends, promotes, or endorses in accordance with such preferred lender arrangement.

In making such list, the institution shall comply with the requirements of subsection (h).

(28)(A) The institution will, upon the request of an applicant for a private education loan, provide to the applicant the form required under section 128(e)(3) of the Truth in Lending Act (15 U.S.C. 1638(e)(3)), and the information required to complete such form, to the extent the institution possesses such information.

(B) For purposes of this paragraph, the term "private education loan" has the meaning given such term in section 140 of the Truth in Lending Act.

(29) The institution certifies that the institution—

(A) has developed plans to effectively combat the unauthorized distribution of copyrighted material, including through the use of a variety of technology-based deterrents; and

(B) will, to the extent practicable, offer alternatives to illegal downloading or peer-to-peer distribution of intellectual property, as determined by the institution in consultation with the chief technology officer or other designated officer of the institution.

(30) The institution will comply with the requirements of section 135A, as applicable.

(b) HEARINGS.—(1) An institution that has received written notice of a final audit or program review determination and that desires to have such determination reviewed by the Secretary shall submit to the Secretary a written request for review not later than 45 days after receipt of notification of the final audit or program review determination.

(2) The Secretary shall, upon receipt of written notice under paragraph (1), arrange for a hearing and notify the institution within 30 days of receipt of such notice the date, time, and place of such hearing. Such hearing shall take place not later than 120 days from the date upon which the Secretary notifies the institution.

(c) AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.—(1) Notwithstanding any other provisions of this title, the Secretary shall prescribe such regulations as may be necessary to provide for—

(A)(i) except as provided in clauses (ii) and (iii), a financial audit of an eligible institution with regard to the financial condition of the institution in its entirety, and a compliance audit of such institution with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, on at least an annual basis and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary and shall be available to cognizant guaranty agencies, eligible lenders, State agencies, and the appropriate State agency notifying the Secretary under subpart 1 of part H, except that the Secretary may modify the requirements of

this clause with respect to institutions of higher education that are foreign institutions, and may waive such requirements with respect to a foreign institution whose students receive less than $500,000 in loans under this title during the award year preceding the audit period;

(ii) with regard to an eligible institution which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period covered by such audit; or

(iii) at the discretion of the Secretary, with regard to an eligible institution (other than an eligible institution described in section 102(a)(1)(C)) that has obtained less than $200,000 in funds under this title during each of the 2 award years that precede the audit period and submits a letter of credit payable to the Secretary equal to not less than ½ of the annual potential liabilities of such institution as determined by the Secretary, deeming an audit conducted every 3 years to satisfy the requirements of clause (i), except for the award year immediately preceding renewal of the institution's eligibility under section 498(g);

(B) in matters not governed by specific program provisions, the establishment of reasonable standards of financial responsibility and appropriate institutional capability for the administration by an eligible institution of a program of student financial aid under this title, including any matter the Secretary deems necessary to the sound administration of the financial aid programs, such as the pertinent actions of any owner, shareholder, or person exercising control over an eligible institution;

(C)(i) except as provided in clause (ii), a compliance audit of a third party servicer (other than with respect to the servicer's functions as a lender if such functions are otherwise audited under this part and such audits meet the requirements of this clause), with regard to any contract with an eligible institution, guaranty agency, or lender for administering or servicing any aspect of the student assistance programs under this title, at least once every year and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

(ii) with regard to a third party servicer that is audited under chapter 75 of title 31, United States Code, such audit shall be deemed to satisfy the requirements of clause (i) for the period covered by such audit;

(D)(i) a compliance audit of a secondary market with regard to its transactions involving, and its servicing and collection of, loans made under this title, at least once a year and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and

as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

(ii) with regard to a secondary market that is audited under chapter 75 of title 31, United States Code, such audit shall be deemed to satisfy the requirements of clause (i) for the period covered by the audit;

(E) the establishment, by each eligible institution under part B responsible for furnishing to the lender the statement required by section 428(a)(2)(A)(i), of policies and procedures by which the latest known address and enrollment status of any student who has had a loan insured under this part and who has either formally terminated his enrollment, or failed to reenroll on at least a half-time basis, at such institution, shall be furnished either to the holder (or if unknown, the insurer) of the note, not later than 60 days after such termination or failure to re-enroll;

(F) the limitation, suspension, or termination of the participation in any program under this title of an eligible institution, or the imposition of a civil penalty under paragraph (3)(B) whenever the Secretary has determined, after reasonable notice and opportunity for hearing, that such institution has violated or failed to carry out any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation, except that no period of suspension under this section shall exceed 60 days unless the institution and the Secretary agree to an extension or unless limitation or termination proceedings are initiated by the Secretary within that period of time;

(G) an emergency action against an institution, under which the Secretary shall, effective on the date on which a notice and statement of the basis of the action is mailed to the institution (by registered mail, return receipt requested), withhold funds from the institution or its students and withdraw the institution's authority to obligate funds under any program under this title, if the Secretary—

(i) receives information, determined by the Secretary to be reliable, that the institution is violating any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation,

(ii) determines that immediate action is necessary to prevent misuse of Federal funds, and

(iii) determines that the likelihood of loss outweighs the importance of the procedures prescribed under subparagraph (D) for limitation, suspension, or termination,

except that an emergency action shall not exceed 30 days unless limitation, suspension, or termination proceedings are initiated by the Secretary against the institution within that period of time, and except that the Secretary shall provide the institution an opportunity to show cause, if it so requests, that the emergency action is unwarranted;

(H) the limitation, suspension, or termination of the eligibility of a third party servicer to contract with any institution to administer any aspect of an institution's student assistance program under this title, or the imposition of a civil penalty

under paragraph (3)(B), whenever the Secretary has determined, after reasonable notice and opportunity for a hearing, that such organization, acting on behalf of an institution, has violated or failed to carry out any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation, except that no period of suspension under this subparagraph shall exceed 60 days unless the organization and the Secretary agree to an extension, or unless limitation or termination proceedings are initiated by the Secretary against the individual or organization within that period of time; and

(I) an emergency action against a third party servicer that has contracted with an institution to administer any aspect of the institution's student assistance program under this title, under which the Secretary shall, effective on the date on which a notice and statement of the basis of the action is mailed to such individual or organization (by registered mail, return receipt requested), withhold funds from the individual or organization and withdraw the individual or organization's authority to act on behalf of an institution under any program under this title, if the Secretary—

(i) receives information, determined by the Secretary to be reliable, that the individual or organization, acting on behalf of an institution, is violating any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation,

(ii) determines that immediate action is necessary to prevent misuse of Federal funds, and

(iii) determines that the likelihood of loss outweighs the importance of the procedures prescribed under subparagraph (F), for limitation, suspension, or termination,

except that an emergency action shall not exceed 30 days unless the limitation, suspension, or termination proceedings are initiated by the Secretary against the individual or organization within that period of time, and except that the Secretary shall provide the individual or organization an opportunity to show cause, if it so requests, that the emergency action is unwarranted.

(2) If an individual who, or entity that, exercises substantial control, as determined by the Secretary in accordance with the definition of substantial control in subpart 3 of part H, over one or more institutions participating in any program under this title, or, for purposes of paragraphs (1) (H) and (I), over one or more organizations that contract with an institution to administer any aspect of the institution's student assistance program under this title, is determined to have committed one or more violations of the requirements of any program under this title, or has been suspended or debarred in accordance with the regulations of the Secretary, the Secretary may use such determination, suspension, or debarment as the basis for imposing an emergency action on, or limiting, suspending, or terminating, in a single proceeding, the participation of any or all institutions under the substantial control of that individual or entity.

(3)(A) Upon determination, after reasonable notice and opportunity for a hearing, that an eligible institution has engaged in

substantial misrepresentation of the nature of its educational program, its financial charges, or the employability of its graduates, the Secretary may suspend or terminate the eligibility status for any or all programs under this title of any otherwise eligible institution, in accordance with procedures specified in paragraph (1)(D) of this subsection, until the Secretary finds that such practices have been corrected.

(B)(i) Upon determination, after reasonable notice and opportunity for a hearing, that an eligible institution—

(I) has violated or failed to carry out any provision of this title or any regulation prescribed under this title; or

(II) has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, and the employability of its graduates,

the Secretary may impose a civil penalty upon such institution of not to exceed $25,000 for each violation or misrepresentation.

(ii) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

(4) The Secretary shall publish a list of State agencies which the Secretary determines to be reliable authority as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for all Federal student assistance programs.

(5) The Secretary shall make readily available to appropriate guaranty agencies, eligible lenders, State agencies notifying the Secretary under subpart 1 of part H, and accrediting agencies or associations the results of the audits of eligible institutions conducted pursuant to paragraph (1)(A).

(6) The Secretary is authorized to provide any information collected as a result of audits conducted under this section, together with audit information collected by guaranty agencies, to any Federal or State agency having responsibilities with respect to student financial assistance, including those referred to in subsection (a)(15) of this section.

(7) Effective with respect to any audit conducted under this subsection after December 31, 1988, if, in the course of conducting any such audit, the personnel of the Department of Education discover, or are informed of, grants or other assistance provided by an institution in accordance with this title for which the institution has not received funds appropriated under this title (in the amount necessary to provide such assistance), including funds for which reimbursement was not requested prior to such discovery or information, such institution shall be permitted to offset that amount against any sums determined to be owed by the institution pursuant to such audit, or to receive reimbursement for that amount (if the institution does not owe any such sums).

(d) IMPLEMENTATION OF NON-FEDERAL REVENUE REQUIREMENT.—

(1) CALCULATION.—In making calculations under subsection (a)(24), a proprietary institution of higher education shall—

(A) use the cash basis of accounting, except in the case of loans described in subparagraph (D)(i) that are made by the proprietary institution of higher education;

(B) consider as revenue only those funds generated by the institution from—

(i) tuition, fees, and other institutional charges for students enrolled in programs eligible for assistance under this title;

(ii) activities conducted by the institution that are necessary for the education and training of the institution's students, if such activities are—

(I) conducted on campus or at a facility under the control of the institution;

(II) performed under the supervision of a member of the institution's faculty; and

(III) required to be performed by all students in a specific educational program at the institution; and

(iii) funds paid by a student, or on behalf of a student by a party other than the institution, for an education or training program that is not eligible for funds under this title, if the program—

(I) is approved or licensed by the appropriate State agency;

(II) is accredited by an accrediting agency recognized by the Secretary; or

(III) provides an industry-recognized credential or certification;

(C) presume that any Federal education assistance funds that are disbursed or delivered to or on behalf of a student will be used to pay the student's tuition, fees, or other institutional charges, regardless of whether the institution credits those funds to the student's account or pays those funds directly to the student, except to the extent that the student's tuition, fees, or other institutional charges are satisfied by—

(i) grant funds provided by non-Federal public agencies or private sources independent of the institution;

(ii) funds provided under a contractual arrangement with a Federal, State, or local government agency for the purpose of providing job training to low-income individuals who are in need of that training;

(iii) funds used by a student from savings plans for educational expenses established by or on behalf of the student and which qualify for special tax treatment under the Internal Revenue Code of 1986; or

(iv) institutional scholarships described in subparagraph (D)(iii);

(D) include institutional aid as revenue to the school only as follows:

(i) in the case of loans made by a proprietary institution of higher education on or after July 1, 2008 and prior to July 1, 2012, the net present value of such

loans made by the institution during the applicable institutional fiscal year accounted for on an accrual basis and estimated in accordance with generally accepted accounting principles and related standards and guidance, if the loans—

(I) are bona fide as evidenced by enforceable promissory notes;

(II) are issued at intervals related to the institution's enrollment periods; and

(III) are subject to regular loan repayments and collections;

(ii) in the case of loans made by a proprietary institution of higher education on or after July 1, 2012, only the amount of loan repayments received during the applicable institutional fiscal year, excluding repayments on loans made and accounted for as specified in clause (i); and

(iii) in the case of scholarships provided by a proprietary institution of higher education, only those scholarships provided by the institution in the form of monetary aid or tuition discounts based upon the academic achievements or financial need of students, disbursed during each fiscal year from an established restricted account, and only to the extent that funds in that account represent designated funds from an outside source or from income earned on those funds;

(E) in the case of each student who receives a loan on or after July 1, 2008, and prior to July 1, 2011, that is authorized under section 428H or that is a Federal Direct Unsubsidized Stafford Loan, treat as revenue received by the institution from sources other than funds received under this title, the amount by which the disbursement of such loan received by the institution exceeds the limit on such loan in effect on the day before the date of enactment of the Ensuring Continued Access to Student Loans Act of 2008; and

(F) exclude from revenues—

(i) the amount of funds the institution received under part C, unless the institution used those funds to pay a student's institutional charges;

(ii) the amount of funds the institution received under subpart 4 of part A;

(iii) the amount of funds provided by the institution as matching funds for a program under this title;

(iv) the amount of funds provided by the institution for a program under this title that are required to be refunded or returned; and

(v) the amount charged for books, supplies, and equipment, unless the institution includes that amount as tuition, fees, or other institutional charges.

(2) SANCTIONS.—

(A) INELIGIBILITY.—A proprietary institution of higher education that fails to meet a requirement of subsection (a)(24) for two consecutive institutional fiscal years shall be ineligible to participate in the programs authorized by

this title for a period of not less than two institutional fiscal years. To regain eligibility to participate in the programs authorized by this title, a proprietary institution of higher education shall demonstrate compliance with all eligibility and certification requirements under section 498 for a minimum of two institutional fiscal years after the institutional fiscal year in which the institution became ineligible.

(B) ADDITIONAL ENFORCEMENT.—In addition to such other means of enforcing the requirements of this title as may be available to the Secretary, if a proprietary institution of higher education fails to meet a requirement of subsection (a)(24) for any institutional fiscal year, then the institution's eligibility to participate in the programs authorized by this title becomes provisional for the two institutional fiscal years after the institutional fiscal year in which the institution failed to meet the requirement of subsection (a)(24), except that such provisional eligibility shall terminate—

(i) on the expiration date of the institution's program participation agreement under this subsection that is in effect on the date the Secretary determines that the institution failed to meet the requirement of subsection (a)(24); or

(ii) in the case that the Secretary determines that the institution failed to meet a requirement of subsection (a)(24) for two consecutive institutional fiscal years, on the date the institution is determined ineligible in accordance with subparagraph (A).

(3) PUBLICATION ON COLLEGE NAVIGATOR WEBSITE.—The Secretary shall publicly disclose on the College Navigator website—

(A) the identity of any proprietary institution of higher education that fails to meet a requirement of subsection (a)(24); and

(B) the extent to which the institution failed to meet such requirement.

(4) REPORT TO CONGRESS.—Not later than July 1, 2009, and July 1 of each succeeding year, the Secretary shall submit to the authorizing committees a report that contains, for each proprietary institution of higher education that receives assistance under this title, as provided in the audited financial statements submitted to the Secretary by each institution pursuant to the requirements of subsection (a)(24)—

(A) the amount and percentage of such institution's revenues received from sources under this title; and

(B) the amount and percentage of such institution's revenues received from other sources.

(e) CODE OF CONDUCT REQUIREMENTS.—An institution of higher education's code of conduct, as required under subsection (a)(25), shall include the following requirements:

(1) BAN ON REVENUE-SHARING ARRANGEMENTS.—

(A) PROHIBITION.—The institution shall not enter into any revenue-sharing arrangement with any lender.

(B) DEFINITION.—For purposes of this paragraph, the term "revenue-sharing arrangement" means an arrangement between an institution and a lender under which—

(i) a lender provides or issues a loan that is made, insured, or guaranteed under this title to students attending the institution or to the families of such students; and

(ii) the institution recommends the lender or the loan products of the lender and in exchange, the lender pays a fee or provides other material benefits, including revenue or profit sharing, to the institution, an officer or employee of the institution, or an agent.

(2) GIFT BAN.—

(A) PROHIBITION.—No officer or employee of the institution who is employed in the financial aid office of the institution or who otherwise has responsibilities with respect to education loans, or agent who has responsibilities with respect to education loans, shall solicit or accept any gift from a lender, guarantor, or servicer of education loans.

(B) DEFINITION OF GIFT.—

(i) IN GENERAL.—In this paragraph, the term "gift" means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount. The term includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

(ii) EXCEPTIONS.—The term "gift" shall not include any of the following:

(I) Standard material, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.

(II) Food, refreshments, training, or informational material furnished to an officer or employee of an institution, or to an agent, as an integral part of a training session that is designed to improve the service of a lender, guarantor, or servicer of education loans to the institution, if such training contributes to the professional development of the officer, employee, or agent.

(III) Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the institution if such terms, conditions, or benefits are comparable to those provided to all students of the institution.

(IV) Entrance and exit counseling services provided to borrowers to meet the institution's responsibilities for entrance and exit counseling as required by subsections (b) and (l) of section 485, as long as—

(aa) the institution's staff are in control of the counseling, (whether in person or via electronic capabilities); and

(bb) such counseling does not promote the products or services of any specific lender.

(V) Philanthropic contributions to an institution from a lender, servicer, or guarantor of education loans that are unrelated to education loans or any contribution from any lender, guarantor, or servicer that is not made in exchange for any advantage related to education loans.

(VI) State education grants, scholarships, or financial aid funds administered by or on behalf of a State.

(iii) RULE FOR GIFTS TO FAMILY MEMBERS.—For purposes of this paragraph, a gift to a family member of an officer or employee of an institution, to a family member of an agent, or to any other individual based on that individual's relationship with the officer, employee, or agent, shall be considered a gift to the officer, employee, or agent if—

(I) the gift is given with the knowledge and acquiescence of the officer, employee, or agent; and

(II) the officer, employee, or agent has reason to believe the gift was given because of the official position of the officer, employee, or agent.

(3) CONTRACTING ARRANGEMENTS PROHIBITED.—

(A) PROHIBITION.—An officer or employee who is employed in the financial aid office of the institution or who otherwise has responsibilities with respect to education loans, or an agent who has responsibilities with respect to education loans, shall not accept from any lender or affiliate of any lender any fee, payment, or other financial benefit (including the opportunity to purchase stock) as compensation for any type of consulting arrangement or other contract to provide services to a lender or on behalf of a lender relating to education loans.

(B) EXCEPTIONS.—Nothing in this subsection shall be construed as prohibiting—

(i) an officer or employee of an institution who is not employed in the institution's financial aid office and who does not otherwise have responsibilities with respect to education loans, or an agent who does not have responsibilities with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans;

(ii) an officer or employee of the institution who is not employed in the institution's financial aid office but who has responsibility with respect to education loans as a result of a position held at the institution, or an agent who has responsibility with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans, if the institution has a written conflict of interest policy that clearly sets forth that officers, employees, or agents must recuse them-

selves from participating in any decision of the board regarding education loans at the institution; or

(iii) an officer, employee, or contractor of a lender, guarantor, or servicer of education loans from serving on a board of directors, or serving as a trustee, of an institution, if the institution has a written conflict of interest policy that the board member or trustee must recuse themselves from any decision regarding education loans at the institution.

(4) INTERACTION WITH BORROWERS.—The institution shall not—

(A) for any first-time borrower, assign, through award packaging or other methods, the borrower's loan to a particular lender; or

(B) refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular lender or guaranty agency.

(5) PROHIBITION ON OFFERS OF FUNDS FOR PRIVATE LOANS.—

(A) PROHIBITION.—The institution shall not request or accept from any lender any offer of funds to be used for private education loans (as defined in section 140 of the Truth in Lending Act), including funds for an opportunity pool loan, to students in exchange for the institution providing concessions or promises regarding providing the lender with—

(i) a specified number of loans made, insured, or guaranteed under this title;

(ii) a specified loan volume of such loans; or

(iii) a preferred lender arrangement for such loans.

(B) DEFINITION OF OPPORTUNITY POOL LOAN.—In this paragraph, the term "opportunity pool loan" means a private education loan made by a lender to a student attending the institution or the family member of such a student that involves a payment, directly or indirectly, by such institution of points, premiums, additional interest, or financial support to such lender for the purpose of such lender extending credit to the student or the family.

(6) BAN ON STAFFING ASSISTANCE.—

(A) PROHIBITION.—The institution shall not request or accept from any lender any assistance with call center staffing or financial aid office staffing.

(B) CERTAIN ASSISTANCE PERMITTED.—Nothing in paragraph (1) shall be construed to prohibit the institution from requesting or accepting assistance from a lender related to—

(i) professional development training for financial aid administrators;

(ii) providing educational counseling materials, financial literacy materials, or debt management materials to borrowers, provided that such materials disclose to borrowers the identification of any lender that assisted in preparing or providing such materials; or

(iii) staffing services on a short-term, nonrecurring basis to assist the institution with financial aid-related functions during emergencies, including State-

declared or federally declared natural disasters, federally declared national disasters, and other localized disasters and emergencies identified by the Secretary.

(7) ADVISORY BOARD COMPENSATION.—Any employee who is employed in the financial aid office of the institution, or who otherwise has responsibilities with respect to education loans or other student financial aid of the institution, and who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors, shall be prohibited from receiving anything of value from the lender, guarantor, or group of lenders or guarantors, except that the employee may be reimbursed for reasonable expenses incurred in serving on such advisory board, commission, or group.

(f) INSTITUTIONAL REQUIREMENTS FOR TEACH-OUTS.—

(1) IN GENERAL.—In the event the Secretary initiates the limitation, suspension, or termination of the participation of an institution of higher education in any program under this title under the authority of subsection (c)(1)(F) or initiates an emergency action under the authority of subsection (c)(1)(G) and its prescribed regulations, the Secretary shall require that institution to prepare a teach-out plan for submission to the institution's accrediting agency or association in compliance with section 496(c)(3), the Secretary's regulations on teach-out plans, and the standards of the institution's accrediting agency or association.

(2) TEACH-OUT PLAN DEFINED.—In this subsection, the term "teach-out plan" means a written plan that provides for the equitable treatment of students if an institution of higher education ceases to operate before all students have completed their program of study, and may include, if required by the institution's accrediting agency or association, an agreement between institutions for such a teach-out plan.

(g) INSPECTOR GENERAL REPORT ON GIFT BAN VIOLATIONS.—The Inspector General of the Department shall—

(1) submit an annual report to the authorizing committees identifying all violations of an institution's code of conduct that the Inspector General has substantiated during the preceding year relating to the gift ban provisions described in subsection (e)(2); and

(2) make the report available to the public through the Department's website.

(h) PREFERRED LENDER LIST REQUIREMENTS.—

(1) IN GENERAL.—In compiling, maintaining, and making available a preferred lender list as required under subsection (a)(27), the institution will—

(A) clearly and fully disclose on such preferred lender list—

(i) not less than the information required to be disclosed under section 153(a)(2)(A);

(ii) why the institution has entered into a preferred lender arrangement with each lender on the preferred lender list, particularly with respect to terms and conditions or provisions favorable to the borrower; and

(iii) that the students attending the institution, or the families of such students, do not have to borrow from a lender on the preferred lender list;

(B) ensure, through the use of the list of lender affiliates provided by the Secretary under paragraph (2), that—

(i) there are not less than three lenders of loans made under part B that are not affiliates of each other included on the preferred lender list and, if the institution recommends, promotes, or endorses private education loans, there are not less than two lenders of private education loans that are not affiliates of each other included on the preferred lender list; and

(ii) the preferred lender list under this paragraph—

(I) specifically indicates, for each listed lender, whether the lender is or is not an affiliate of each other lender on the preferred lender list; and

(II) if a lender is an affiliate of another lender on the preferred lender list, describes the details of such affiliation;

(C) prominently disclose the method and criteria used by the institution in selecting lenders with which to enter into preferred lender arrangements to ensure that such lenders are selected on the basis of the best interests of the borrowers, including—

(i) payment of origination or other fees on behalf of the borrower;

(ii) highly competitive interest rates, or other terms and conditions or provisions of loans under this title or private education loans;

(iii) high-quality servicing for such loans; or

(iv) additional benefits beyond the standard terms and conditions or provisions for such loans;

(D) exercise a duty of care and a duty of loyalty to compile the preferred lender list under this paragraph without prejudice and for the sole benefit of the students attending the institution, or the families of such students;

(E) not deny or otherwise impede the borrower's choice of a lender or cause unnecessary delay in loan certification under this title for those borrowers who choose a lender that is not included on the preferred lender list; and

(F) comply with such other requirements as the Secretary may prescribe by regulation.

(2) LENDER AFFILIATES LIST.—

(A) IN GENERAL.—The Secretary shall maintain and regularly update a list of lender affiliates of all eligible lenders, and shall provide such list to institutions for use in carrying out paragraph (1)(B).

(B) USE OF MOST RECENT LIST.—An institution shall use the most recent list of lender affiliates provided by the Secretary under subparagraph (A) in carrying out paragraph (1)(B).

(i) DEFINITIONS.—For the purpose of this section:

(1) AGENT.—The term "agent" has the meaning given the term in section 151.

(2) AFFILIATE.—The term "affiliate" means a person that controls, is controlled by, or is under common control with another person. A person controls, is controlled by, or is under common control with another person if—

(A) the person directly or indirectly, or acting through one or more others, owns, controls, or has the power to vote five percent or more of any class of voting securities of such other person;

(B) the person controls, in any manner, the election of a majority of the directors or trustees of such other person; or

(C) the Secretary determines (after notice and opportunity for a hearing) that the person directly or indirectly exercises a controlling interest over the management or policies of such other person's education loans.

(3) EDUCATION LOAN.—The term "education loan" has the meaning given the term in section 151.

(4) ELIGIBLE INSTITUTION.—The term "eligible institution" means any such institution described in section 102 of this Act.

(5) OFFICER.—The term "officer" has the meaning given the term in section 151.

(6) PREFERRED LENDER ARRANGEMENT.—The term "preferred lender arrangement" has the meaning given the term in section 151.

(j) CONSTRUCTION.—Nothing in the amendments made by the Higher Education Amendments of 1992 shall be construed to prohibit an institution from recording, at the cost of the institution, a hearing referred to in subsection (b)(2), subsection (c)(1)(D), or subparagraph (A) or (B)(i) of subsection (c)(2), of this section to create a record of the hearing, except the unavailability of a recording shall not serve to delay the completion of the proceeding. The Secretary shall allow the institution to use any reasonable means, including stenographers, of recording the hearing.

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SUPPLEMENTAL VIEWS

H.R. 6472 Improves College Affordability for Students from U.S. Territories

H.R. 6472, the T*erritorial Student Access to Higher Education Act*, amends the *Higher Education Act of 1965* (HEA) to require states to offer in-state tuition rates for certain residents of Guam, the Northern Mariana Islands, American Samoa, and the U.S. Virgin Islands. Specifically, the newly created HEA section 135A would prohibit any public institution of higher education that receives funding under the HEA from charging any *covered individual* a tuition rate that is greater than the rate charged for residents of the State in which such institution is located.[1] The bill defines "covered individual" as someone who is a resident of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, or the U.S. Virgin Islands and is a national of the United States (as defined in section 101(a) of the Immigration and Nationality Act).[2] The legislation also amends section 487(a) of the HEA to tie this new 135A requirement to an institution's Program Participation Agreement (PPA), which determines their eligibility to receive federal student aid under HEA title IV (Title IV).[3]

Committee Democrats support efforts to improve college affordability for underrepresented students and unanimously voted in favor of H.R. 6472 at markup. However, it is important to note that although this legislation would increase college affordability and access for students across these territories, it comes after Congressional Republicans made it harder for these same students to afford higher education due to Pell Grant cuts, loan limit changes, and the elimination of affordable loan repayment plans in H.R. 1.[4]

The Federal Government Should Fund H.R. 6472

Despite our support for H.R. 6472's goal of improving college affordability, Committee Democrats would take a different approach to supporting in-state tuition rates for certain populations of outstate students. While Democrats support increased access to higher education, H.R. 6472 places an unfunded mandate on states to implement the policy. Each state has the right to decide where and to whom their respective funding goes to and despite declines in state investment in higher education over the decades, states provide most of the funding for public higher education. Given the outsized role of states in public higher education, the significant concerns public higher education leaders have expressed with the federal government superseding state residency requirements and in-

[1] H.R. 6472, § 1, 119th Cong. (2025).
[2] *Id.*
[3] *Id.*
[4] Pub. L. No. 119–21 Title VIII (2025).

state tuition prices should not be ignored.[5] This is especially concerning since it is the federal government who exercises primary jurisdiction over the territories—not states. Thus, should Congress want to mandate in-state tuition for residents of certain US territories, Committee Democrats believe Congress should provide federal funding for the implementation of such a policy.[6]

Committee Democrats previously made efforts to lower tuition rates for students from outlying areas in the 117th Congress while considering the *Build Back Better Act*.[7] Committee Democrats passed out of Committee a provision to invest $40,000,000 to cover the difference between in-state and out-of-state tuition for first-time students from the Northern Mariana Islands, American Samoa, U.S. Virgin Islands, and Guam who attend an out-of-state, four-year, public college.[8] Students would receive a maximum benefit of $15,000 per year and $75,000 total to ensure their tuition rate is equal to the in-state tuition rate. To be eligible, the student must have lived in the outlying area for at least one year prior to college enrollment, enroll in college within three years of graduating high school or transferring from a college in an outlying area, and enroll in college on at least a half-time basis. This provision, while not ultimately included in the final version of the legislation, the *Inflation Reduction Act*, serves as a better starting point to support lowering the cost of college for this student population.

DEMOCRATIC AMENDMENT OFFERED DURING MARKUP OF H.R. 6472

During the markup of H.R. 6472, Rep. Alma Adams (D–NC) put forward an amendment to require the federal government to annually reimburse public institutions of higher education for any revenue lost as a result of requiring in-state tuition rates for covered individuals. This would have ensured that the federal government, not states, fund this federally determined benefit. Committee Republicans rejected this amendment.

AMENDMENT	OFFERED BY	DESCRIPTION	ACTION TAKEN
#1	Ms. Adams	Requires the federal government to annually reimburse public colleges for any revenue loss as a result of the legislation.	Defeated

[5] Letter from Dr. Waded Cruzado, Pres., Assoc. of Public and Land-grant Univs. & Dr. Charles L. Welch, Pres. & CEO, Am. Assoc. of State Coll. & Univs., to Rep. Tim Walberg, Chair., H. Comm. on Educ. & Workforce and Rep. Bobby Scott, Ranking Member, H. Comm. on Educ. & Workforce (Dec. 10, 2025), https://www.aplu.org/members/councils/governmental-affairs/cga-library/aplu-and-aascu-letter-on-education-workforce-tuition-mandate/.

[6] The policy goal of ensuring that the federal government bears the costs associated with certain out-of-state residents receiving in-state tuition pricing is not a new one. Although it is not in the jurisdiction of the Committee, the federal government provides tuition assistance grants to eligible District of Columbia students to subsidize the cost of attending out-of-state institutions. See District of Columbia College Access Act of 1999, Pub. L. No. 106–98 (1999). Most recently, Congress appropriated $40 million for this program in Fiscal Year 2026. Press Release, Norton Secures Victories in Senate D.C. Appropriations Bill, Del. Eleanor Holmes Norton, Nov. 26, 2025, https://norton.house.gov/media/press-releases/norton-secures-victories-senate-dc-appropriations-bill.

[7] Build Back Better Act, S. Con. Res. 14, § 20024, (as reported by the H. Comm. on Educ. & Lab., Sept. 9, 2021) https://docs.house.gov/meetings/ED/ED00/20210909/114029/BILLS-117 CommitteePrintih.pdf.

[8] *Id.*

If Congress is going to mandate states offer in-state tuition, it can and should appropriate funds to cover the costs associated with such a mandate.

ROBERT C. "BOBBY" SCOTT,
Ranking Member.
SUZANNE BONAMICI,
MARK DESAULNIER,
JAHANA HAYES,
JOHN MANNION,
Members of Congress.

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