

114TH CONGRESS
2D SESSION

H. R. 4386

To amend the Higher Education Act of 1965 to make certain improvements in the Federal Pell Grant Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 13, 2016

Mr. KILMER introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Higher Education Act of 1965 to make certain improvements in the Federal Pell Grant Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Pathways to an Affordable Education Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

- Sec. 2. Increasing the Federal Pell Grant and adding a cost of living adjustment.
- Sec. 3. Funding the Federal Pell Grant program through mandatory appropriations.
- Sec. 4. Mandatory Federal Pell Grant increases.
- Sec. 5. Federal Pell Grant duration limit.
- Sec. 6. Restoration of eligibility for year-round Federal Pell Grants.
- Sec. 7. Expansion of Pell Grant exclusion from gross income.
- Sec. 8. Federal Pell Grant early communication.
- Sec. 9. Contribution from adjusted available income.

1 SEC. 2. INCREASING THE FEDERAL PELL GRANT AND ADD-
2 ING A COST OF LIVING ADJUSTMENT.

3 (a) IN GENERAL.—Section 401(b)(2)(A) of the High-
4 er Education Act of 1965 (20 U.S.C. 1070a(b)(2)(A)) is
5 amended by striking clauses (i) and (ii) and inserting the
6 following:

7 “(i)(I) for award year 2017–2018,
8 \$9,139; and

9 “(II) for award year 2018–2019 and
10 each subsequent award year, the amount
11 of the maximum Federal Pell Grant deter-
12 mined under this clause for the imme-
13 diately preceding award year, increased by
14 a percentage equal to the estimated per-
15 centage increase, if any, in the Consumer
16 Price Index (as determined by the Sec-
17 retary, using the definition in section
18 478(f)) for the most recent calendar year
19 ending prior to the beginning of that
20 award year; plus

1 “(ii) any additional amount specified
2 for the maximum Federal Pell Grant in
3 the last enacted appropriation Act applica-
4 ble to that award year, less”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 subsection (a) shall apply with respect to Federal Pell
7 Grants awarded under section 401 of the Higher Edu-
8 cation Act of 1965 (20 U.S.C. 1070a) for award year
9 2017–2018 and each succeeding award year.

10 **SEC. 3. FUNDING THE FEDERAL PELL GRANT PROGRAM**
11 **THROUGH MANDATORY APPROPRIATIONS.**

12 (a) IN GENERAL.—Section 401(b) of the Higher
13 Education Act of 1965 (20 U.S.C. 1070a(b)) is amend-
14 ed—

15 (1) in paragraph (2), by adding at the end the
16 following:

17 “(C)(i) For fiscal year 2017 and each suc-
18 ceeding fiscal year, there are appropriated, out of
19 any money in the Treasury not otherwise appro-
20 priated, such sums as may be necessary to provide,
21 in combination with any amounts separately appro-
22 priated under subparagraph (A)(ii), Federal Pell
23 Grants under this section in the amount specified in
24 subparagraph (A) to all eligible students.

1 “(ii) The amounts made available by clause (i)
 2 for any fiscal year shall be available beginning on
 3 October 1 of that fiscal year, and shall remain avail-
 4 able through September 30 of the succeeding fiscal
 5 year.”; and

6 (2) by striking paragraph (7).

7 (b) EFFECTIVE DATE.—The amendments made by
 8 subsection (a) shall apply with respect to Federal Pell
 9 Grants awarded under section 401 of the Higher Edu-
 10 cation Act of 1965 (20 U.S.C. 1070a) for award year
 11 2017–2018 and each succeeding award year.

12 **SEC. 4. MANDATORY FEDERAL PELL GRANT INCREASES.**

13 (a) INCREASES.—Section 401(b) of the Higher Edu-
 14 cation Act of 1965 (20 U.S.C. 1070a(b)) (as amended by
 15 this Act) is further amended—

16 (1) in paragraph (2)—

17 (A) by striking “(2)” and all that follows
 18 through “The amount of the Federal Pell
 19 Grant” and inserting “(2)(A) The amount of
 20 the Federal Pell Grant”;

21 (B) by moving the margins of subpara-
 22 graph (A) two ems to the left; and

23 (C) in subparagraph (A)—

24 (i) by redesignating clause (iii) as
 25 clause (iv); and

1 (ii) by inserting after clause (ii) the
2 following new clause (iii):

3 “(iii) the amount of the increase calculated
4 under paragraph (7), less”; and

5 (2) by adding at the end the following new
6 paragraph:

7 “(7)(A) The amount of the maximum Federal Pell
8 Grant for which an eligible student is eligible during an
9 award year, as specified in paragraph (2)(A) for that
10 award year, shall be increased by the difference between—

11 “(i) the average total cost of attendance for
12 first-time, full-time undergraduate students in the
13 United States at public 2-year institutions for stu-
14 dents living on-campus, as determined by the Na-
15 tional Center for Education Statistics, for the last
16 academic year preceding the beginning of the fiscal
17 year for which the increase is made; and

18 “(ii) the amount of the maximum Federal Pell
19 Grant for which a student is eligible during an
20 award year, as specified in paragraph (2)(A) for
21 that award year.

22 “(B) For purposes of subparagraph (A), an eligible
23 student is an otherwise eligible student who has a negative
24 or zero estimated family contribution.”.

1 (b) EFFECTIVE DATE.—The amendments made by
 2 subsection (a) shall apply with respect to Federal Pell
 3 Grants awarded under section 401 of the Higher Edu-
 4 cation Act of 1965 (20 U.S.C. 1070a) for award year
 5 2017–2018 and each succeeding award year.

6 **SEC. 5. FEDERAL PELL GRANT DURATION LIMIT.**

7 (a) IN GENERAL.—Section 401(c)(5) of the Higher
 8 Education Act of 1965 (20 U.S.C. 1070a(c)(5)) is amend-
 9 ed by striking “12 semesters” and inserting “15 semes-
 10 ters” each place the term appears.

11 (b) EFFECTIVE DATE.—The amendment made by
 12 subsection (a) shall apply with respect to Federal Pell
 13 Grants awarded under section 401 of the Higher Edu-
 14 cation Act of 1965 (20 U.S.C. 1070a) for award year
 15 2017–2018 and each succeeding award year.

16 **SEC. 6. RESTORATION OF ELIGIBILITY FOR YEAR-ROUND**
 17 **FEDERAL PELL GRANTS.**

18 (a) IN GENERAL.—Section 401(b) of the Higher
 19 Education Act of 1965 (20 U.S.C. 1070a(b)) (as amended
 20 by this Act) is further amended by adding at the end the
 21 following:

22 “(8) YEAR-ROUND FEDERAL PELL GRANT STU-
 23 DENTS.—

24 “(A) IN GENERAL.—Notwithstanding any
 25 other provision of this subsection, the Secretary

1 shall award, to an eligible student who meets
2 the requirements in subparagraph (B) who has
3 received a Federal Pell Grant for an award year
4 and is enrolled in a program of study for one
5 or more additional payment periods during the
6 same award year that are not otherwise covered
7 by the student's Federal Pell Grant, an addi-
8 tional Federal Pell Grant for the additional
9 payment periods.

10 “(B) ELIGIBILITY.—In order to be eligible
11 to receive the additional Federal Pell Grant for
12 an award year that is described in subpara-
13 graph (A), a student shall, in addition to meet-
14 ing all eligibility requirements for the receipt of
15 a Federal Pell Grant—

16 “(i) be enrolled on at least a half-time
17 basis for a period of more than one aca-
18 demic year, or more than 2 semesters or
19 the equivalent of 2 semesters, during a sin-
20 gle award year; and

21 “(ii) be enrolled in a program of in-
22 struction at an institution of higher edu-
23 cation for which the institution awards an
24 associate or baccalaureate degree or a cer-
25 tificate.

1 “(C) AMOUNTS.—In the case of a student
2 receiving more than one Federal Pell Grant in
3 a single award year under subparagraph (A),
4 the total amount of the Federal Pell Grants
5 awarded to such student for the award year
6 shall not exceed an amount equal to 150 per-
7 cent of the amount of the maximum Federal
8 Pell Grant for which such student is eligible, as
9 specified in paragraph (2)(A) for that award
10 year.

11 “(D) INCLUSION IN DURATION LIMIT.—
12 Any period of study covered by a Federal Pell
13 Grant awarded under subparagraph (A) shall
14 be included in determining a student’s duration
15 limit under subsection (c)(5).

16 “(9) CROSSOVER PERIOD.—In any case where
17 an eligible student is receiving a Federal Pell Grant
18 for a payment period that spans 2 award years, the
19 Secretary shall allow the eligible institution in which
20 the student is enrolled to determine the award year
21 to which the additional period shall be assigned.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) shall take effect on July 1, 2017.

1 **SEC. 7. EXPANSION OF PELL GRANT EXCLUSION FROM**
2 **GROSS INCOME.**

3 (a) IN GENERAL.—Paragraph (1) of section 117(b)
4 of the Internal Revenue Code of 1986 is amended by strik-
5 ing “received by an individual” and all that follows and
6 inserting “received by an individual—

7 “(A) as a scholarship or fellowship grant
8 to the extent the individual establishes that, in
9 accordance with the conditions of the grant,
10 such amount was used for qualified tuition and
11 related expenses, or

12 “(B) as a Federal Pell Grant under section
13 401 of the Higher Education Act of 1965 (as
14 amended by the Pathways to an Affordable
15 Education Act).”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to taxable years beginning after
18 December 31, 2015.

19 **SEC. 8. FEDERAL PELL GRANT EARLY COMMUNICATION.**

20 Section 485E of the Higher Education Act of 1965
21 (20 U.S.C. 1092f) is amended—

22 (1) in subsection (a), by inserting “elementary
23 schools,” before “secondary schools,”; and

24 (2) in subsection (b)—

(A) in paragraph (1)(A), by striking “students” and inserting “students and parents of students”; and

(B) in paragraph (2)—

(i) in the paragraph heading, by inserting “ELEMENTARY AND” before “SECONDARY”;

(ii) by inserting “elementary schools,” after “financial aid,”;

(iii) by striking “notify students in secondary school” and inserting “notify students in elementary or secondary school”;

(iv) by striking “students’ junior year of secondary school” and inserting “students’ sixth grade year of school”; and

(v) by striking “students in secondary school” and inserting “students in sixth grade”.

SEC. 9. CONTRIBUTION FROM ADJUSTED AVAILABLE INCOME.

(a) AMENDMENTS.—

(1) DEPENDENT STUDENTS.—Section 475(b) of the Higher Education Act of 1965 (20 U.S.C. 1087oo(b)) is amended in the matter following para-

1 graph (3), by striking “except that” and inserting
2 “except that for purposes other than subpart 1 of
3 part A of this title”.

4 (2) INDEPENDENT STUDENTS WITHOUT DE-
5 PENDENTS.—Section 476(a) of the Higher Edu-
6 cation Act of 1965 (20 U.S.C. 1087pp(a)) is amend-
7 ed in the matter following paragraph (3), by striking
8 “except that” and inserting “except that for pur-
9 poses other than subpart 1 of part A of this title”.

10 (3) INDEPENDENT STUDENTS WITH DEPEND-
11 ENTS.—Section 477(a) of the Higher Education Act
12 of 1965 (20 U.S.C. 1087qq(a)) is amended the mat-
13 ter following paragraph (4), by striking “except
14 that” and inserting “except that for purposes other
15 than subpart 1 of part A of this title”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 subsection (a) shall apply with respect to award year
18 2017–2018 and each succeeding award year.

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