

114TH CONGRESS
1ST SESSION

S. 108

To amend the Higher Education Act of 1965 to improve access for students to Federal grants and loans to help pay for postsecondary, graduate, and professional educational opportunities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 7, 2015

Mr. ALEXANDER (for himself, Mr. BENNET, Mr. BURR, Mr. KING, Mr. ISAKSON, and Mr. BOOKER) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 to improve access for students to Federal grants and loans to help pay for postsecondary, graduate, and professional educational opportunities, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Financial Aid Sim-
5 plification and Transparency Act of 2015”.

1 **SEC. 2. REFERENCES.**

2 Except as otherwise specifically provided, whenever in
3 this Act a section or other provision is amended or re-
4 pealed, such amendment or repeal shall be considered to
5 be made to that section or other provision of the Higher
6 Education Act of 1965 (20 U.S.C. 1001 et seq.).

7 **SEC. 3. STATEMENT OF PURPOSE.**

8 The purpose of this Act is to simplify the Federal
9 student aid programs in order to provide—

10 (1) access to postsecondary education for stu-
11 dents and families; and

12 (2) information that will allow students and
13 families to make better consumer choices.

14 **SEC. 4. DEFINITIONS; SPECIAL RULE FOR PARENT BOR-**
15 **ROWERS.**

16 Part A of title IV (20 U.S.C. 1070 et seq.) is amend-
17 ed, in the matter preceding subpart 1, by striking section
18 400 and inserting the following:

19 **“SEC. 400. DEFINITIONS; SPECIAL RULE FOR PARENT BOR-**
20 **ROWERS.**

21 “(a) DEFINITIONS.—In part A and part F:

22 “(1) COST OF ATTENDANCE.—The term ‘cost of
23 attendance’ means—

24 “(A) tuition and fees normally assessed a
25 student carrying the same academic workload
26 as determined by the institution, and including

costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;

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

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

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

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

“(iii) for students who live in housing located on a military base or for which a basic allowance is provided under section

1 403(b) of title 37, United States Code,
2 shall be an allowance based on the ex-
3 penses reasonably incurred by such stu-
4 dents for board but not for room; and

5 “(iv) for all other students shall be an
6 allowance based on the expenses reason-
7 ably incurred by such students for room
8 and board;

9 “(D) for less than half-time students (as
10 determined by the institution), tuition and fees
11 and an allowance for only—

12 “(i) books, supplies, and transpor-
13 tation (as determined by the institution);

14 “(ii) dependent care expenses (deter-
15 mined in accordance with subparagraph
16 (H)); and

17 “(iii) room and board costs (deter-
18 mined in accordance with subparagraph
19 (C)), except that a student may receive an
20 allowance for such costs under this sub-
21 paragraph for not more than 3 semesters
22 or the equivalent, of which not more than
23 2 semesters or the equivalent may be con-
24 secutive;

1 “(E) for a student engaged in a program
2 of study by correspondence, only tuition and
3 fees and, if required, books and supplies, travel,
4 and room and board costs incurred specifically
5 in fulfilling a required period of residential
6 training;

7 “(F) for incarcerated students only tuition
8 and fees and, if required, books and supplies;

9 “(G) for a student enrolled in an academic
10 program in a program of study abroad ap-
11 proved for credit by the student’s home institu-
12 tion, reasonable costs associated with such
13 study (as determined by the institution at which
14 such student is enrolled);

15 “(H) for a student with one or more de-
16 pendents, an allowance based on the estimated
17 actual expenses incurred for such dependent
18 care, based on the number and age of such de-
19 pendents, except that—

20 “(i) such allowance shall not exceed
21 the reasonable cost in the community in
22 which such student resides for the kind of
23 care provided; and

24 “(ii) the period for which dependent
25 care is required includes, but is not limited

1 to, class-time, study-time, field work, in-
2 ternships, and commuting time;

3 “(I) for a student with a disability, an al-
4 lowance (as determined by the institution) for
5 those expenses related to the student’s dis-
6 ability, including special services, personal as-
7 sistance, transportation, equipment, and sup-
8 plies that are reasonably incurred and not pro-
9 vided for by other assisting agencies;

10 “(J) for a student receiving all or part of
11 the student’s instruction by means of tele-
12 communications technology, no distinction shall
13 be made with respect to the mode of instruction
14 in determining costs;

15 “(K) for a student engaged in a work ex-
16 perience under a cooperative education pro-
17 gram, an allowance for reasonable costs associ-
18 ated with such employment (as determined by
19 the institution);

20 “(L) for a student who receives a loan
21 under this or any other Federal law, or, at the
22 option of the institution, a conventional student
23 loan incurred by the student to cover a stu-
24 dent’s cost of attendance at the institution, an
25 allowance for the actual cost of any loan fee,

1 origination fee, or insurance premium charged
 2 to such student or such parent on such loan, or
 3 the average cost of any such fee or premium
 4 charged by the Secretary, lender, or guaranty
 5 agency making or insuring such loan, as the
 6 case may be; and

7 “(M) at the option of the institution, for a
 8 student in a program requiring professional li-
 9 censure or certification, the one-time cost of ob-
 10 taining the first professional credentials (as de-
 11 termined by the institution).

12 “(2) ELIGIBLE STUDENT.—The term ‘eligible
 13 student’ means an individual who—

14 “(A) is enrolled or accepted for enrollment
 15 in a program of study at an eligible institution
 16 of higher education leading to a degree, certifi-
 17 cate, or credential issued by such institution;

18 “(B) in the case of a student who is en-
 19 rolled at an eligible institution, is maintaining
 20 satisfactory academic progress in the program
 21 of study the student is pursuing while attending
 22 the institution (as defined in accordance with
 23 section 484(c));

1 “(C) does not owe a refund on grants pre-
 2 viously received at any institution under this
 3 title;

4 “(D) is not in a default status on any loan
 5 made, insured, or guaranteed by the Secretary
 6 under this title for attendance at any institu-
 7 tion; and

8 “(E) is a citizen or national of the United
 9 States, a permanent resident of the United
 10 States, or able to provide evidence from Immig-
 11 ration and Customs Enforcement that he or
 12 she is in the United States for other than a
 13 temporary purpose with the intention of becom-
 14 ing a citizen or permanent resident.

15 “(3) MEANS-TESTED FEDERAL BENEFIT PRO-
 16 GRAM.—The term ‘means-tested Federal benefit pro-
 17 gram’ means any of the following mandatory spend-
 18 ing programs of the Federal Government:

19 “(A) The supplemental security income
 20 program established under title XVI of the So-
 21 cial Security Act (42 U.S.C. 1381 et seq.).

22 “(B) The supplemental nutrition assist-
 23 ance program established under the Food and
 24 Nutrition Act of 2008 (7 U.S.C. 2011 et seq.).

1 “(C) The free and reduced price school
 2 lunch program established under the Richard
 3 B. Russell National School Lunch Act (42
 4 U.S.C. 1751 et seq.).

5 “(D) The program of block grants to
 6 States for temporary assistance for needy fami-
 7 lies program established under part A of title
 8 IV of the Social Security Act (42 U.S.C. 601 et
 9 seq.).

10 “(E) The special supplemental nutrition
 11 program for women, infants, and children es-
 12 tablished by section 17 of the Child Nutrition
 13 Act of 1966 (42 U.S.C. 1786).

14 “(4) GRADUATE OR PROFESSIONAL STU-
 15 DENT.—The term ‘graduate or professional student’
 16 means a student who has received a baccalaureate
 17 degree and is enrolled in a program of study requir-
 18 ing a baccalaureate degree as a condition of that en-
 19 rollment.

20 “(b) SPECIAL RULE FOR PARENT BORROWERS.—
 21 Whenever necessary to carry out the provisions of part A
 22 or F, the terms ‘student’ and ‘borrower’ shall include a
 23 parent borrower.

1 **“SEC. 400A. SIMPLIFIED APPLICATION FOR FEDERAL PELL**
 2 **GRANTS AND LOANS UNDER PART A AND**
 3 **PART F.**

4 “(a) IN GENERAL.—Each individual desiring to apply
 5 for Federal financial aid under this title for any year shall
 6 file an application with the Secretary to determine eligi-
 7 bility for aid as described in subsection (b).

8 “(b) FREE APPLICATION.—

9 “(1) IN GENERAL.—The Secretary shall make
 10 available, for the purposes of subsection (a), a free
 11 application to determine the eligibility of a student
 12 for a Federal Pell Grant under section 401 or a
 13 Federal loan under part F based—

14 “(A) in the case of a Federal Pell Grant,
 15 on the adjusted gross income and family size of
 16 a student applicant, as described under section
 17 401(b); and

18 “(B) in the case of a loan, on the max-
 19 imum amount allowed as determined under sec-
 20 tion 470(e)(4)(B).

21 “(2) INFORMATION REQUIRED OF THE APPLI-
 22 CANT.—The Secretary shall request the following in-
 23 formation in order to determine an applicant’s eligi-
 24 bility for Federal student aid:

25 “(A) For the purposes of attaining a Fed-
 26 eral Pell Grant—

1 “(i) the applicant’s name and address;

2 “(ii) the applicant’s social security
3 number;

4 “(iii) the applicant’s date of birth;

5 “(iv) in the case of an applicant who
6 filed taxes, or an applicant whose parent or
7 spouse (as applicable) filed taxes, in the
8 year prior to the current prior year tax fil-
9 ing (as determined by the date of enroll-
10 ment), income and family size information,
11 which shall be retrieved from the Internal
12 Revenue Service; and

13 “(v) in the case of an applicant who
14 did not file taxes, and whose parent or
15 spouse (as applicable) did not file taxes, in
16 the year prior to the current prior year tax
17 filing (as determined by the date of enroll-
18 ment), income and family size information,
19 which shall be reported by the applicant.

20 “(B) For the purpose of attaining a Fed-
21 eral loan, the applicant’s—

22 “(i) name and address;

23 “(ii) social security number;

24 “(iii) date of birth; and

1 “(iv) if the applicant so chooses, a list
2 of institutions of higher education that the
3 applicant is interested in attending.

4 “(3) INFORMATION TO BE SUPPLIED BY THE
5 SECRETARY.—Upon receiving and timely processing
6 an application described under paragraph (1), the
7 Secretary will provide to only the applicant, the fol-
8 lowing information:

9 “(A) If the applicant applied for a Federal
10 Pell Grant, the amount of the applicant’s Fed-
11 eral Pell Grant award.

12 “(B) If the applicant applied for a Federal
13 loan under section 470, the amount of the Fed-
14 eral loan that the applicant may receive if the
15 applicant chooses, and the following informa-
16 tion:

17 “(i) If the interest rate on the loan
18 has been determined at the time such in-
19 formation is provided, the interest rate on
20 the loan.

21 “(ii) If the interest rate on the loan
22 has not been determined at the time such
23 information is provided, the current inter-
24 est rate and a statement that the interest
25 rate is subject to change.

1 “(iii) The monthly amount that the
2 applicant would be required to repay if the
3 applicant chooses to accept the loan, based
4 on—

5 “(I) the amount of the Federal
6 loan under section 470 that the appli-
7 cant may choose to receive; and

8 “(II) payment of such loan on a
9 10-year repayment plan.

10 “(iv) The monthly amount that the
11 applicant would be required to repay if the
12 applicant chooses to accept a loan of the
13 same amount and paid according to the
14 same repayment plan as described in
15 clause (iii)—

16 “(I) if the applicant were to at-
17 tend a program 2 years in length; and

18 “(II) if the applicant were to at-
19 tend a program 4 years in length.

20 “(v) The monthly amount that the ap-
21 plicant would be required to repay if the
22 applicant chooses to accept the loan, based
23 on—

1 “(I) the amount of the Federal
 2 loan under section 470 that the appli-
 3 cant may choose to receive; and

4 “(II) payment of such loan ac-
 5 cording to the income-based repay-
 6 ment plan, reflecting not less than 5
 7 different income levels.

8 “(vi) The monthly amount (based on
 9 not less than 5 different income levels)
 10 that the applicant would be required to
 11 repay if the applicant chooses to accept a
 12 loan of the same amount and paid accord-
 13 ing to the same repayment plan as de-
 14 scribed in clause (v)—

15 “(I) if the applicant were to at-
 16 tend a program 2 years in length; and

17 “(II) if the applicant were to at-
 18 tend a program 4 years in length.”.

19 **SEC. 5. ONE GRANT PROGRAM.**

20 Part A of title IV of the Act (20 U.S.C. 1070 et seq.)
 21 is further amended—

22 (1) in subpart 1, by striking sections 401 and
 23 401A and inserting the following:

1 **“SEC. 401. FEDERAL PELL GRANTS.**

2 “(a) PROGRAM AUTHORITY AND METHOD OF DIS-
3 TRIBUTION.—

4 “(1) IN GENERAL.—Grants made under this
5 subpart shall be known as ‘Federal Pell Grants’.

6 “(2) PROGRAM AUTHORIZED.—For each of fis-
7 cal years 2016 through 2022, the Secretary shall
8 pay to each eligible institution such sums as may be
9 necessary to pay to each eligible student, as defined
10 in accordance with section 400(a), for each academic
11 year during which that student is in attendance at
12 an institution of higher education, as an under-
13 graduate, a Federal Pell Grant in the amount for
14 which that student is eligible, as determined pursu-
15 ant to subsection (b).

16 “(3) METHOD OF DISTRIBUTION.—The Sec-
17 retary shall provide funds to each eligible institution
18 of higher education in an accurate and timely man-
19 ner based upon an amount requested by the institu-
20 tion for eligible students at that institution that have
21 submitted an approved application in accordance
22 with subsection (d).

23 “(b) PURPOSE AND AMOUNT OF GRANT.—

24 “(1) PURPOSE.—The purpose of this part is to
25 assist in making available the benefits of postsec-
26 ondary education to eligible students in institutions

of higher education by providing Federal Pell Grants
to all eligible students.

“(2) DETERMINATION OF AMOUNT.—

“(A) QUALIFICATION FOR FEDERAL PELL
GRANT AWARD.—An eligible student shall auto-
matically qualify to receive a Federal Pell Grant
award, which shall be determined in accordance
with subparagraph (B)(ii) if the student or the
student’s family received benefits at some time
during the previous 24-month period under a
means-tested Federal benefit program, as de-
fined in section 400.

“(B) AWARD AMOUNT.—

“(i) AWARD YEAR 2015.—An eligible
student shall receive a Federal Pell Grant
award for award year 2015 in an amount
determined in accordance with clause (ii).

“(ii) CALCULATION OF INDIVIDUAL
AWARD AMOUNT.—

“(I) For family size of 1:

“2013 AGI	Pell Award
\$0–\$11,670	\$5,730
\$11,671–\$12,837	\$5,380
\$12,838–\$14,004	\$4,890
\$14,005–\$15,171	\$4,400
\$15,172–\$16,338	\$3,910
\$16,339–\$17,505	\$3,420
\$17,506–\$18,672	\$2,930
\$18,673–\$19,839	\$2,440
\$19,840–\$21,006	\$1,950

“2013 AGI	Pell Award
\$21,007–\$22,173	\$1,460
\$22,174–\$23,340	\$970.

1

“(II) For family size of 2:

“2013 AGI	Pell Award
\$0–\$15,730	\$5,730
\$15,731–\$17,303	\$5,505
\$17,304–\$18,876	\$5,235
\$18,877–\$20,449	\$4,965
\$20,450–\$22,022	\$4,695
\$22,023–\$23,595	\$4,425
\$23,596–\$25,168	\$4,155
\$25,169–\$26,741	\$3,885
\$26,742–\$28,314	\$3,615
\$28,315–\$29,887	\$3,345
\$29,888–\$31,460	\$3,075
\$31,461–\$33,033	\$3,130
\$33,034–\$34,606	\$2,890
\$34,607–\$36,179	\$2,650
\$36,180–\$37,752	\$2,410
\$37,753–\$39,325	\$2,170.

2

“(III) For family size of 3:

“2013 AGI	Pell Award
\$0–\$19,790	\$5,730
\$19,791–\$21,769	\$5,555
\$21,770–\$23,748	\$5,345
\$23,749–\$25,727	\$5,135
\$25,728–\$27,706	\$4,925
\$27,707–\$29,685	\$4,715
\$29,686–\$31,664	\$4,505
\$31,665–\$33,643	\$4,295
\$33,644–\$35,622	\$4,085
\$35,623–\$37,601	\$3,875
\$37,602–\$39,580	\$3,665
\$39,581–\$41,559	\$3,130
\$41,560–\$43,538	\$2,890
\$43,539–\$45,517	\$2,650
\$45,518–\$47,496	\$2,410
\$47,497–\$49,475	\$2,170.

3

“(IV) For family size of 4:

“2013 AGI	Pell Award
\$0–\$23,850	\$5,730
\$23,851–\$26,235	\$5,555
\$26,236–\$28,620	\$5,345
\$28,621–\$31,005	\$5,135
\$31,006–\$33,390	\$4,925
\$33,391–\$35,775	\$4,715
\$35,776–\$38,160	\$4,505
\$38,161–\$40,545	\$4,295
\$40,546–\$42,930	\$4,085
\$42,931–\$45,315	\$3,875
\$45,316–\$47,700	\$3,665
\$47,701–\$50,085	\$3,130
\$50,086–\$52,470	\$2,890
\$52,471–\$54,855	\$2,650
\$54,856–\$57,240	\$2,410
\$57,241–\$59,625	\$2,170.

1

“(V) For family size of 5:

“2013 AGI	Pell Award
\$0–\$27,910	\$5,730
\$27,911–\$30,701	\$5,530
\$30,702–\$33,492	\$5,290
\$33,493–\$36,283	\$5,050
\$36,284–\$39,074	\$4,810
\$39,075–\$41,865	\$4,570
\$41,866–\$44,656	\$4,330
\$44,657–\$47,447	\$4,090
\$47,448–\$50,238	\$3,850
\$50,239–\$53,029	\$3,610
\$53,030–\$55,820	\$3,370
\$55,821–\$58,611	\$3,130
\$58,612–\$61,402	\$2,890
\$61,403–\$64,193	\$2,650
\$64,194–\$66,984	\$2,410
\$66,985–\$69,775	\$2,170.

2

“(VI) For family size of 6:

“2013 AGI	Pell Award
\$0–\$31,970	\$5,730
\$31,971–\$35,167	\$5,530
\$35,168–\$38,364	\$5,290
\$38,365–\$41,561	\$5,050
\$41,562–\$44,758	\$4,810
\$44,759–\$47,955	\$4,570
\$47,956–\$51,152	\$4,330
\$51,153–\$54,349	\$4,090

“2013 AGI	Pell Award
\$54,350–\$57,546	\$3,850
\$57,547–\$60,743	\$3,610
\$60,744–\$63,940	\$3,370
\$63,941–\$67,137	\$3,130
\$67,138–\$70,334	\$2,890
\$70,335–\$73,531	\$2,650
\$73,532–\$76,728	\$2,410
\$76,729–\$79,925	\$2,170.

1 “(VII) For family size of 7:

“2013 AGI	Pell Award
\$0–\$36,030	\$5,730
\$36,031–\$39,633	\$5,530
\$39,634–\$43,236	\$5,290
\$43,237–\$46,839	\$5,050
\$46,840–\$50,442	\$4,810
\$50,443–\$54,045	\$4,570
\$54,046–\$57,648	\$4,330
\$57,649–\$61,251	\$4,090
\$61,252–\$64,854	\$3,850
\$64,855–\$68,457	\$3,610
\$68,458–\$72,060	\$3,370
\$72,061–\$75,663	\$3,130
\$75,664–\$79,266	\$2,890
\$79,267–\$82,869	\$2,650
\$82,870–\$86,472	\$2,410
\$86,473–\$90,075	\$2,170.

2 “(VIII) For family size of 8 or

3 more:

“2013 AGI	Pell Award
\$0–\$40,909	\$5,730
\$40,910–\$45,000	\$5,505
\$45,001–\$49,091	\$5,235
\$49,092–\$53,182	\$4,943
\$53,183–\$57,273	\$4,628
\$57,274–\$61,364	\$4,290
\$61,365–\$65,454	\$3,953
\$65,455–\$69,545	\$3,615
\$69,546–\$73,636	\$3,278
\$73,637–\$77,727	\$2,940
\$77,728–\$81,818	\$2,603
\$81,819–\$85,909	\$3,130
\$85,910–\$90,000	\$2,890
\$90,001–\$94,091	\$2,650

	“2013 AGI	Pell Award
	\$94,092–\$98,182	\$2,410
	\$98,182–\$102,273	\$2,170.

1 “(iii) SUBSEQUENT AWARD YEARS.—

2 For each award year subsequent to 2015,
3 the dollar amounts in the table under
4 clause (ii) shall be adjusted (rounded to
5 the nearest dollar) by the percentage by
6 which—

7 “(I) the maximum Federal Pell
8 Grant award amount calculated in ac-
9 cordance with subparagraph (C)(i),
10 exceeds or decreases below

11 “(II) \$5730.

12 “(C) MAXIMUM AMOUNT OF FEDERAL
13 PELL GRANT AWARD.—

14 “(i) IN GENERAL.—The maximum
15 amount of the Federal Pell Grant for a
16 student eligible under this part shall be—

17 “(I) the maximum Federal Pell
18 Grant, as specified in the last enacted
19 appropriation Act applicable to that
20 award year, plus

21 “(II) the amount of the increase
22 calculated under clause (ii) for that
23 year.

1 “(ii) ADDITIONAL FUNDS.—There are
 2 authorized to be appropriated, and there
 3 are appropriated (in addition to any other
 4 amounts appropriated to carry out this
 5 section and out of any money in the Treas-
 6 ury not otherwise appropriated) the fol-
 7 lowing amounts—

8 “(I) to carry out clause (iii), such
 9 sums as may be necessary for fiscal
 10 year 2010 and each subsequent fiscal
 11 year to provide the amount of increase
 12 of the maximum Federal Pell Grant
 13 required by clause (iii); and

14 “(II) to carry out this section—

15 “(aa) \$0 for fiscal year
 16 2015;

17 “(bb) \$0 for fiscal year
 18 2016;

19 “(cc) \$1,574,000,000 for fis-
 20 cal year 2017;

21 “(dd) \$1,382,000,000 for
 22 fiscal year 2018;

23 “(ee) \$1,409,000,000 for
 24 fiscal year 2019;

1 “(ff) \$1,430,000,000 for fis-
2 cal year 2020; and

3 “(gg) \$1,145,000,000 for
4 fiscal year 2021 and each suc-
5 ceeding fiscal year.

6 “(iii) INCREASE IN FEDERAL PELL
7 GRANTS.—The amounts made available
8 pursuant to clause (ii)(I) shall be used to
9 increase the amount of the maximum Fed-
10 eral Pell Grant for which a student shall
11 be eligible during an award year, as speci-
12 fied in the last enacted appropriation Act
13 applicable to that award year, by the
14 amount determined under clause (iv) for
15 each succeeding award year.

16 “(iv) ADJUSTMENT AMOUNTS.—

17 “(I) AWARD YEARS 2015–2016
18 THROUGH 2017–2018.—For each of the
19 award years 2015–2016 through
20 2017–2018, the amount determined
21 under this clause for purposes of
22 clause (iii) shall be equal to—

23 “(aa) the total maximum
24 Federal Pell Grant for the pre-
25 ceding award year (as determined

under subclause (IV)), increased by a percentage equal to the annual adjustment percentage for the award year for which the amount under this subparagraph is being determined, reduced by

“(bb) \$4,860 or the maximum Federal Pell Grant for which a student was eligible for the preceding award year, as specified in the last enacted appropriation Act applicable to that year, whichever is greater, and

“(cc) rounded to the nearest \$5.

“(II) SUBSEQUENT AWARD YEARS.—For award year 2018–2019 and each subsequent award year, the amount determined under this clause for purposes of clause (iii) shall be equal to the amount determined under subclause (IV) for award year 2017–2018.

“(III) ANNUAL ADJUSTMENT PERCENTAGE.—For purposes of this

1 clause, the term ‘annual adjustment
2 percentage’ as applied to an award
3 year, is equal to the estimated per-
4 centage change in the Consumer Price
5 Index (as determined by the Sec-
6 retary, using the definition in section
7 478(f)) for the most recent calendar
8 year ending prior to the beginning of
9 that award year.

10 “(IV) TOTAL MAXIMUM FEDERAL
11 PELL GRANT.—For purposes of this
12 clause, the term ‘total maximum Fed-
13 eral Pell Grant’ as applied to a pre-
14 ceding award year, is equal to the
15 sum of—

16 “(aa) the maximum Federal
17 Pell Grant for which a student is
18 eligible during an award year, as
19 specified in the last enacted ap-
20 propriation Act applicable to that
21 preceding award year; and

22 “(bb) the amount of the in-
23 crease in the maximum Federal
24 Pell Grant required by this sub-

1 paragraph for that preceding
2 award year.

3 “(v) PROGRAM REQUIREMENTS AND
4 OPERATIONS OTHERWISE UNAFFECTED.—
5 Except as provided in clauses (iii) and (iv),
6 nothing in this subparagraph shall be con-
7 strued to alter the requirements and oper-
8 ations of the Federal Pell Grant Program
9 as authorized under this section, or au-
10 thorize the imposition of additional re-
11 quirements or operations for the deter-
12 mination and allocation of Federal Pell
13 Grants under this section.

14 “(vi) RATABLE INCREASES AND DE-
15 CREASES.—The amounts specified in
16 clause (iii) shall be ratably increased or de-
17 creased to the extent that funds available
18 under clause (ii) exceed or are less than
19 (respectively) the amount required to pro-
20 vide the amounts specified in clause (iii).

21 “(vii) AVAILABILITY OF FUNDS.—The
22 amounts made available by clause (ii) for
23 any fiscal year shall be available beginning
24 on October 1 of that fiscal year, and shall

1 remain available through September 30 of
2 the succeeding fiscal year.

3 “(D) EXCEPTION.—Nothing in this part
4 shall be interpreted as limiting the authority of
5 the financial aid administrator, on the basis of
6 adequate documentation, to make adjustments
7 on a case-by-case basis to the values of the data
8 items required to calculate the amount of a
9 Federal Pell Grant award as described under
10 subparagraph (B) to allow only for treatment of
11 an individual eligible applicant with a change in
12 family income or family size.

13 “(E) LIMITATIONS.—

14 “(i) PART-TIME STUDENTS.—In any
15 case where a student attends an institution
16 of higher education on less than a full-time
17 basis (including a student who attends an
18 institution of higher education on less than
19 a half-time basis) during any academic
20 year, the amount of the Federal Pell Grant
21 to which that student is entitled shall be
22 reduced in proportion to the degree to
23 which that student is not so attending on
24 a full-time basis in accordance with a
25 schedule of reductions established by the

1 Secretary for the purposes of this clause,
2 computed in accordance with this subpart.

3 “(ii) COST OF ATTENDANCE.—No
4 Federal Pell Grant under this subpart
5 shall exceed the cost of attendance at the
6 institution at which that student is in at-
7 tendance.

8 “(iii) INCARCERATION.—No Federal
9 Pell Grant shall be awarded under this
10 subpart to any individual who is incarcer-
11 ated in any Federal or State penal institu-
12 tion or who is subject to an involuntary
13 civil commitment upon completion of a pe-
14 riod of incarceration for a forcible or non-
15 forcible sexual offense (as determined in
16 accordance with the Federal Bureau of In-
17 vestigation’s Uniform Crime Reporting
18 Program).

19 “(c) PERIOD OF ELIGIBILITY FOR GRANTS.—

20 “(1) IN GENERAL.—The period during which a
21 student may receive Federal Pell Grants shall be the
22 period required for the completion of the first under-
23 graduate baccalaureate program of study being pur-
24 sued by that student at the institution at which the
25 student is in attendance, except that any period dur-

1 ing which the student is enrolled in a non-credit or
 2 remedial program of study as defined in paragraph
 3 (2) shall not be counted for the purpose of this para-
 4 graph.

5 “(2) NON-CREDIT OR REMEDIAL COURSEWORK
 6 AND STUDY ABROAD PROGRAMS.—Nothing in this
 7 section shall exclude from eligibility—

8 “(A) programs of study which are non-
 9 credit or remedial in nature (including courses
 10 in English language instruction) which are de-
 11 termined by the institution to be necessary to
 12 help the student be prepared for the pursuit of
 13 a first undergraduate baccalaureate degree or
 14 certificate or, in the case of courses in English
 15 language instruction, to be necessary to enable
 16 the student to utilize already existing knowl-
 17 edge, training, or skills; or

18 “(B) programs of study abroad that are
 19 approved for credit by the home institution at
 20 which the student is enrolled.

21 “(3) LIMITATION.—No student is entitled to re-
 22 ceive Federal Pell Grant payments concurrently
 23 from more than one institution.

24 “(4) EXCEPTIONS.—Notwithstanding para-
 25 graph (1), the Secretary may allow, on a case-by-

1 case basis, a student to receive a basic grant if the
 2 student—

3 “(A) is carrying at least one-half the nor-
 4 mal full-time work load for the program of
 5 study the student is pursuing, as determined by
 6 the institution of higher education; and

7 “(B) is enrolled or accepted for enrollment
 8 in a postbaccalaureate program that does not
 9 lead to a graduate degree, and in courses re-
 10 quired by a State in order for the student to re-
 11 ceive a professional certification or licensing
 12 credential that is required for employment as a
 13 teacher in an elementary school or secondary
 14 school in that State, except that this paragraph
 15 shall not apply to a student who is enrolled in
 16 an institution of higher education that offers a
 17 baccalaureate degree in education.

18 “(5) ANNUAL AWARD.—

19 “(A) IN GENERAL.—The period during
 20 which a student may receive Federal Pell
 21 Grants shall not exceed 12 semesters, or the
 22 equivalent of 12 semesters, as determined by
 23 the Secretary by regulation. Such regulation
 24 shall provide, with respect to a student who re-
 25 ceived a Federal Pell Grant for a semester and

1 was enrolled on a less than full-time basis dur-
 2 ing that semester, that only a fraction of such
 3 semester shall count towards the semester limit
 4 described in this subparagraph.

5 “(B) EXCEPTIONS FOR ACCELERATED
 6 COMPLETION.—

7 “(i) ACCELERATED COURSEWORK.—

8 An eligible student who completes
 9 coursework equivalent to one academic
 10 year before the end of an award year and
 11 has exhausted the Federal Pell Grant
 12 award funding for which that student is el-
 13 igible for such award year may receive all,
 14 or a portion of, the Federal Pell Grant
 15 funds that the student would otherwise be
 16 eligible to receive in the next award year to
 17 pay additional tuition and fees charged to
 18 the student due to enrolling in additional
 19 courses during such award year. A student
 20 who receives all, or a portion, of such Fed-
 21 eral Pell Grant funds for the next award
 22 year in accordance with this clause shall
 23 not have the amount of Federal Pell Grant
 24 funds reduced in that next award year due
 25 to such accelerated coursework.

1 “(ii) 2 PELL GRANTS IN A SINGLE
2 AWARD YEAR.—

3 “(I) 2 PELL GRANTS IN A SINGLE
4 AWARD YEAR.—In addition to the ex-
5 ception described in clause (i), the
6 Secretary shall award an eligible stu-
7 dent who has not completed
8 coursework equivalent to one aca-
9 demic year before the end of an award
10 year not more than 2 Federal Pell
11 Grants during a single award year to
12 permit such student to complete aca-
13 demic progress for that award year so
14 that the student may receive a degree
15 or certificate on time. Such eligible
16 student may earn academic credits ex-
17 ceeding the minimum number of cred-
18 its needed to maintain academic
19 progress toward receiving a degree or
20 certificate on time, if those credits are
21 earned in the course of pursuing aca-
22 demic progress for on time completion
23 of a degree or certificate.

24 “(II) EXCEPTION TO ANNUAL
25 PELL GRANT LIMIT.—In the case of a

1 student receiving more than 1 Federal
 2 Pell Grant in a single award year
 3 under subclause (I), the total amount
 4 of Federal Pell Grants awarded to
 5 such student for the award year may
 6 exceed the maximum basic grant level
 7 calculated in accordance with sub-
 8 section (b)(2)(C)(i) for such award
 9 year, but shall not exceed an amount
 10 equal to 150 percent of such max-
 11 imum basic grant level.

12 “(III) INCLUSION IN DURATION
 13 LIMIT.—Any period of study covered
 14 by a Federal Pell Grant awarded
 15 under this clause shall be included in
 16 determining a student’s duration limit
 17 under subparagraph (A).

18 “(d) APPLICATION FOR GRANTS.—The Secretary
 19 shall from time to time set dates by which students shall
 20 file applications for Federal Pell Grants under this sub-
 21 part. Each student desiring a Federal Pell Grant for any
 22 year shall file an application with the Secretary to deter-
 23 mine eligibility for an award as described in section 400A.

24 “(e) DISTRIBUTION OF GRANTS TO STUDENTS.—

1 “(1) IN GENERAL.—Payments under this sec-
2 tion shall be made in accordance with regulations
3 promulgated by the Secretary for such purpose, in
4 such manner as will best accomplish the purpose of
5 this section.

6 “(2) LIMITATIONS.—Any disbursement allowed
7 to be made by crediting the student’s account shall
8 be limited to tuition and fees and, in the case of in-
9 stitutionally owned housing, room and board.

10 “(3) EXCEPTION.—A student may elect to have
11 the institution provide other such goods and services
12 by crediting the student’s account.

13 “(f) TREATMENT OF INSTITUTIONS AND STUDENTS
14 UNDER OTHER LAWS.—Any institution of higher edu-
15 cation which enters into an agreement with the Secretary
16 to disburse to students attending that institution the
17 amounts those students are eligible to receive under this
18 subpart shall not be deemed, by virtue of such agreement,
19 a contractor maintaining a system of records to accom-
20 plish a function of the Secretary. Recipients of Federal
21 Pell Grants shall not be considered to be individual grant-
22 ees for purposes of subtitle D of title V of Public Law
23 100–690.

24 “(g) INSUFFICIENT APPROPRIATIONS.—If, for any
25 fiscal year, the funds appropriated for payments under

1 this subpart are insufficient to satisfy fully all entitle-
 2 ments, as calculated under subsection (b) (but at the max-
 3 imum grant level specified in such appropriation), the Sec-
 4 retary shall promptly transmit a notice of such insuffi-
 5 ciency to each House of the Congress, and identify in such
 6 notice the additional amount that would be required to
 7 be appropriated to satisfy fully all entitlements (as so cal-
 8 culated at such maximum grant level).

9 “(h) USE OF EXCESS FUNDS.—If, at the end of a
 10 fiscal year, the funds available for making payments under
 11 this subpart exceed the amount necessary to make the
 12 payments required under this subpart to eligible students,
 13 then all of the excess funds shall remain available for mak-
 14 ing payments under this subpart during the next suc-
 15 ceeding fiscal year.”;

16 (2) by striking subparts 3, 4, and 6; and

17 (3) by redesignating subparts 5, 7, 9, and 10
 18 as subparts 3, 4, 5, and 6, respectively.

19 **SEC. 6. ONE LOAN PROGRAM.**

20 Title IV of the Act (20 U.S.C. 1070 et seq.) is further
 21 amended—

22 (1) in section 451(a), by inserting “, and end-
 23 ing on the June 30 following the date of enactment
 24 of the Financial Aid Simplification and Trans-

1 parency Act of 2015” after “during the period be-
2 ginning July 1, 1994”; and

3 (2) by striking part F and inserting the fol-
4 lowing:

5 **“PART F—ONE LOAN PROGRAM**

6 **“SEC. 470. LOANS TO STUDENTS AND FAMILIES FOR POST-**
7 **SECONDARY AND GRADUATE EDUCATION.**

8 “(a) PROGRAM AUTHORIZED.—

9 “(1) IN GENERAL.—There are hereby made
10 available, in accordance with the provisions of this
11 part, such sums as may be necessary to make loans
12 (including consolidation loans, as described in sub-
13 section (f)) to all eligible students (and the eligible
14 parents of such students) in attendance at partici-
15 pating institutions of higher education, to enable
16 such students to pursue their programs of study at
17 such institutions during the period beginning on the
18 July 1 after the date of enactment of the Financial
19 Aid Simplification and Transparency Act of 2015.

20 “(2) LOAN ORIGINATION.—Loans made under
21 this part shall be made by participating institutions,
22 or consortia thereof, that have agreements with the
23 Secretary to originate loans, or by alternative origi-
24 nators designated by the Secretary to make loans for
25 students in attendance at participating institutions.

1 “(b) FUNDS FOR ORIGINATION.—

2 “(1) IN GENERAL.—The Secretary shall pro-
3 vide, on the basis of the estimated loan amount de-
4 termined under subsection (e)(4) and the eligibility
5 of students at each participating institution, and
6 parents of such students, for such loans, funds for
7 student and parent loans under this part directly to
8 an institution of higher education that has an agree-
9 ment with the Secretary under subsection (d)(1) to
10 participate in the student loan programs under this
11 part and that also has an agreement with the Sec-
12 retary under subsection (d)(2) to originate loans
13 under this part.

14 “(2) NO ENTITLEMENT TO PARTICIPATE OR
15 ORIGINATE.—No institution of higher education
16 shall have a right to participate in the program au-
17 thorized by this part, to originate loans, or to per-
18 form any program function under this part. Nothing
19 in this paragraph shall be construed so as to limit
20 the entitlement of an eligible student attending a
21 participating institution (or the eligible parent of
22 such student) to borrow under this part.

23 “(3) DELIVERY OF LOAN FUNDS.—Loan funds
24 shall be paid and delivered to an institution by the
25 Secretary prior to the beginning of the payment pe-

1 riod established by the Secretary in a manner that
 2 is consistent with payment and delivery of Federal
 3 Pell Grants under subpart 1 of part A of this title.

4 “(4) INSTITUTIONS OUTSIDE THE UNITED
 5 STATES.—Loan funds for students (and parents of
 6 students) attending institutions outside the United
 7 States shall be disbursed through a financial institu-
 8 tion located or operating in the United States and
 9 designated by the Secretary to serve as the agent of
 10 such institutions with respect to the receipt of the
 11 disbursements of such loan funds and the transfer of
 12 such funds to such institutions. To be eligible to re-
 13 ceive funds under this part, an institution outside
 14 the United States shall make arrangements with the
 15 agent designated by the Secretary under this para-
 16 graph to receive funds under this part.

17 “(c) SELECTION OF INSTITUTIONS FOR PARTICIPA-
 18 TION AND ORIGINATION.—

19 “(1) GENERAL AUTHORITY.—The Secretary
 20 shall enter into agreements pursuant to subsection
 21 (d)(1) with institutions of higher education to par-
 22 ticipate in the student loan program under this part,
 23 and agreements pursuant to subsection (d)(2) with
 24 institutions of higher education, or consortia thereof,
 25 to originate loans in such program, for academic

1 years beginning on or after the July 1 after the date
 2 of enactment of the Financial Aid Simplification and
 3 Transparency Act of 2015. Such agreements for the
 4 academic year 2015–2016 shall, to the extent fea-
 5 sible, be entered into not later than January 1,
 6 2015.

7 “(2) SELECTION CRITERIA.—

8 “(A) APPLICATION.—Each institution of
 9 higher education desiring to participate in the
 10 student loan program under this part shall sub-
 11 mit an application satisfactory to the Secretary
 12 containing such information and assurances as
 13 the Secretary may require.

14 “(B) SELECTION PROCEDURE.—The Sec-
 15 retary shall select institutions for participation
 16 in the student loan program under this part,
 17 and shall enter into agreements with such insti-
 18 tutions under subsection (d)(1), from among
 19 those institutions that submit the applications
 20 described in subparagraph (A), and meet such
 21 other eligibility requirements as the Secretary
 22 shall prescribe.

23 “(3) SELECTION CRITERIA FOR ORIGINATION.—

24 “(A) IN GENERAL.—The Secretary may
 25 enter into a supplemental agreement with an

1 institution (or a consortium of such institu-
2 tions) that—

3 “(i) has an agreement under sub-
4 section (d)(1);

5 “(ii) desires to originate loans under
6 this part; and

7 “(iii) meets the criteria described in
8 subparagraph (B).

9 “(B) SELECTION CRITERIA.—The Sec-
10 retary may approve an institution to originate
11 loans only if such institution—

12 “(i) is not on the reimbursement sys-
13 tem of payment for any of the programs
14 under subpart 1 of part A or part C of this
15 title;

16 “(ii) is not overdue on program or fi-
17 nancial reports or audits required under
18 this title;

19 “(iii) is not subject to an emergency
20 action, or a limitation, suspension, or ter-
21 mination under section 428(b)(1)(T),
22 432(h), or 487(c);

23 “(iv) in the opinion of the Secretary,
24 has not had severe performance defi-
25 ciencies for any of the programs under this

1 title, including such deficiencies dem-
2 onstrated by audits or program reviews
3 submitted or conducted during the 5 cal-
4 endar years immediately preceding the
5 date of application;

6 “(v) provides an assurance that such
7 institution has no delinquent outstanding
8 debts to the Federal Government, unless
9 such debts are being repaid under or in ac-
10 cordance with a repayment arrangement
11 satisfactory to the Federal Government, or
12 the Secretary in the Secretary’s discretion
13 determines that the existence or amount of
14 such debts has not been finally determined
15 by the cognizant Federal agency; and

16 “(vi) meets such other criteria as the
17 Secretary may establish to protect the fi-
18 nancial interest of the United States and
19 to promote the purposes of this part.

20 “(4) ELIGIBLE INSTITUTIONS.—The Secretary
21 may not select an institution of higher education for
22 participation under this section unless such institu-
23 tion is an eligible institution under section 435(a).

24 “(5) CONSORTIA.—Subject to such require-
25 ments as the Secretary may prescribe, eligible insti-

tutions of higher education (as determined under paragraph (4)) with agreements under subsection (d)(1) may apply to the Secretary as consortia to originate loans under this part for students in attendance at such institutions. Each such institution shall be required to meet the requirements of paragraph (3) with respect to loan origination.

“(d) AGREEMENTS WITH INSTITUTIONS.—

“(1) PARTICIPATION AGREEMENTS.—An agreement with any institution of higher education for participation in the student loan program under this part shall—

“(A) provide for the establishment and maintenance of a student loan program at the institution under which the institution will—

“(i) identify eligible students who seek student financial assistance at such institution in accordance with subsection (e)(2);

“(ii) estimate the loan amount of each such student in accordance with subsection (e)(4)(A)(i);

“(iii) provide a statement that certifies the eligibility of any student to receive a loan under this part that is not in excess of the annual or aggregate limit ap-

1 plicable to such loan, except that the insti-
2 tution may, in exceptional circumstances
3 identified by the Secretary, refuse to cer-
4 tify a statement that permits a student to
5 receive a loan under this part, or certify a
6 loan amount that is less than the amount
7 the student may otherwise be eligible to re-
8 ceive, as described in clauses (iii) and (iv)
9 of subsection (e)(4)(B);

10 “(iv) set forth a schedule for disburse-
11 ment of the proceeds of the loan in install-
12 ments, consistent with the requirements of
13 section 428G; and

14 “(v) provide timely and accurate in-
15 formation concerning the status of student
16 borrowers (and students on whose behalf
17 parents borrow under this part) while such
18 students are in attendance at the institu-
19 tion and concerning any new information
20 of which the institution becomes aware for
21 such students (or their parents) after such
22 borrowers leave the institution, to the Sec-
23 retary for the servicing and collecting of
24 loans made under this part;

1 “(B) provide assurances that the institu-
2 tion will comply with requirements established
3 by the Secretary relating to student loan infor-
4 mation with respect to loans made under this
5 part;

6 “(C) provide that the institution accepts
7 responsibility and financial liability stemming
8 from its failure to perform its functions pursu-
9 ant to the agreement;

10 “(D) provide for the implementation of a
11 quality assurance system, as established by the
12 Secretary and developed in consultation with in-
13 stitutions of higher education, to ensure that
14 the institution is complying with program re-
15 quirements and meeting program objectives;

16 “(E) provide that the institution will not
17 charge any fees of any kind, however described,
18 to student or parent borrowers for origination
19 activities or the provision of any information
20 necessary for a student or parent to receive a
21 loan under this part, or any benefits associated
22 with such loan; and

23 “(F) include such other provisions as the
24 Secretary reasonably determines are necessary

1 to protect the interests of the United States
 2 and to promote the purposes of this part.

3 “(2) ORIGINATION.—An agreement with any in-
 4 stitution of higher education, or consortia thereof,
 5 for the origination of loans under this part shall—

6 “(A) supplement the agreement entered
 7 into in accordance with paragraph (1);

8 “(B) include provisions established by the
 9 Secretary that are similar to the participation
 10 agreement provisions described in subpara-
 11 graphs (A)(v), (B), (C), (D), (E), and (F) of
 12 paragraph (1), as modified to relate to the
 13 origination of loans by the institution or consor-
 14 tium;

15 “(C) provide that the institution or consor-
 16 tium will originate loans to eligible students and
 17 parents in accordance with this part; and

18 “(D) provide that the note or evidence of
 19 obligation on the loan shall be the property of
 20 the Secretary.

21 “(3) WITHDRAWAL AND TERMINATION PROCE-
 22 DURES.—The Secretary shall establish procedures by
 23 which institutions or consortia may withdraw or be
 24 terminated from the program under this part.

25 “(e) TERMS AND CONDITIONS OF LOANS.—

1 “(1) PARALLEL TERMS, CONDITIONS, BENE-
 2 FITS, AND AMOUNTS OF LOANS.—Unless otherwise
 3 specified in this part, loans made to borrowers under
 4 this part shall have the same terms, conditions, and
 5 benefits as Federal Direct Unsubsidized Stafford
 6 Loans under part D made to borrowers and first
 7 disbursed on July 1, 1994.

8 “(2) ELIGIBILITY.—In order to be eligible for a
 9 loan under this section, an individual must be—

10 “(A) an eligible student, as defined in sec-
 11 tion 400(a), who is an undergraduate;

12 “(B) an eligible graduate or professional
 13 student as defined in section 400(a); or

14 “(C) a parent or legal guardian of an eligi-
 15 ble student who is an undergraduate, as defined
 16 in section 400(a).

17 “(3) APPLICATION FOR LOANS.—Each eligible
 18 student (or the parent of such student) desiring to
 19 obtain a Federal loan under this part for any year
 20 shall file an application with the Secretary to deter-
 21 mine eligibility for a loan as described in section
 22 400A.

23 “(4) AMOUNT OF LOAN.—

1 “(A) IN GENERAL.—The amount of a loan
2 disbursed by a participating institution under
3 this section shall be the lesser of—

4 “(i) an amount that is equal to the es-
5 timated loan amount, as determined by the
6 institution by calculating—

7 “(I) the estimated cost of attend-
8 ance at the eligible institution; minus

9 “(II)(aa) any estimated financial
10 assistance that the student will receive
11 from a Federal grant, including a
12 Federal Pell Grant, a State grant, an
13 institutional grant, or a scholarship or
14 grant from another source, that is
15 known to the institution at the time
16 the student’s determination of need is
17 made; and

18 “(bb) in the case of a loan to a
19 parent, the amount of a loan awarded
20 under this part to the parent’s child;
21 or

22 “(ii) the maximum Federal loan
23 amount for which such student is eligible
24 in accordance with subparagraph (B).

25 “(B) LOAN LIMITS.—

1 “(i) ANNUAL LIMITS.—Except as pro-
2 vided under clause (iv), the annual amount
3 of loans under this section that an eligible
4 student may borrow shall be—

5 “(I) \$8,000, in the case of a stu-
6 dent who is an undergraduate student
7 attending a participating institution;
8 and

9 “(II) \$30,000, in the case of a
10 graduate or professional student at-
11 tending a participating institution.

12 “(ii) AGGREGATE LIMITS.—Except as
13 provided under clause (iv), the maximum
14 aggregate amount of loans under this sec-
15 tion that an eligible student may borrow
16 shall be—

17 “(I) \$37,500 in the case of a stu-
18 dent who is an undergraduate student
19 attending an eligible institution; and

20 “(II) \$150,000 in the case of a
21 student who is a graduate or profes-
22 sional student attending an eligible in-
23 stitution, except that such aggregate
24 limit shall not include any debt that

1 the student incurred as an under-
2 graduate.

3 “(iii) PART-TIME STUDENTS.—Any el-
4 igible student receiving loans under this
5 section that is enrolled in a program of
6 study on less than a full-time basis shall
7 have their loans prorated based on actual
8 enrollment status.

9 “(iv) INSTITUTIONAL DETERMINED
10 LIMITS AND INCREASES.—

11 “(I) INSTITUTIONAL DETER-
12 MINED LIMITS.—

13 “(aa) IN GENERAL.—Not-
14 withstanding any other provision
15 of this paragraph, a participating
16 institution may limit the annual
17 amount that students enrolled in
18 an identified program of study at
19 that institution may borrow
20 under this section, if—

21 “(AA) the institution
22 can reasonably demonstrate,
23 based on previous student
24 income following such pro-

1 gram, that student debt lev-
2 els are excessive; and

3 “(BB) subject to item
4 (bb), any proration or lim-
5 iting of loan amounts are
6 applied in the same manner
7 to all students enrolled in
8 the institution or program of
9 study.

10 “(bb) EXCEPTION.—Not-
11 withstanding item (aa)(BB),
12 upon the request of an individual
13 student, an institution (at the
14 discretion of a financial aid ad-
15 ministrator) may increase the an-
16 nual amount limit established
17 under this subclause for an indi-
18 vidual student if that student
19 demonstrates special cir-
20 cumstances.

21 “(II) INSTITUTIONAL DETER-
22 MINED INCREASES.—Notwithstanding
23 the annual loan limits described in
24 clause (i) and subject to subclause
25 (III), a participating institution may

1 increase the annual amount that grad-
 2 uate and professional students en-
 3 rolled in an identified program of
 4 study at that institution may borrow
 5 under this section and allow the an-
 6 nual amount to exceed such limit, if—

7 “(aa) the institution can
 8 reasonably demonstrate that stu-
 9 dents enrolled in a program of
 10 study have an increased need and
 11 should not be subject to the loan
 12 limitations described in clauses
 13 (i) and (iii); and

14 “(bb) any increase of loan
 15 amounts are applied in the same
 16 manner to all students enrolled
 17 in the institution or program of
 18 study.

19 “(III) LIMITATION ON INSTITU-
 20 TIONAL DETERMINED INCREASES.—
 21 An increase in the annual loan
 22 amount under subclause (II) shall not
 23 be for an amount that results in more
 24 than a 50 percent increase to the ag-

1 aggregate loan limit amount established
 2 under clause (ii)(II).

3 “(5) REPAYMENT.—

4 “(A) IN GENERAL.—Repayment of prin-
 5 cipal and interest accrued on loans made under
 6 this part shall commence not later than the day
 7 after 6 months after the date the student, or
 8 the student on whose behalf the loan was
 9 made—

10 “(i) ceases to carry at least one-half
 11 of the normal full-time academic workload,
 12 as determined by the institution; or

13 “(ii) successfully completes the pro-
 14 gram of study in which the student is en-
 15 rolled, as determined by the institution.

16 “(B) REPAYMENT PLANS.—

17 “(i) IN GENERAL.—Not later than 2
 18 months after a student enters the status
 19 described under clause (i) or (ii) of sub-
 20 paragraph (A), the Secretary shall inform
 21 a borrower of a loan made under this part
 22 of the borrower’s repayment options, by
 23 providing—

24 “(I) the monthly payment
 25 amount that the borrower will owe

1 based on the total amount of the bor-
 2 rower's Federal loan under this sec-
 3 tion if such loan is paid under a 10-
 4 year repayment plan; and

5 “(II) estimates of the monthly
 6 payment amounts that the borrower
 7 may owe under the income-based re-
 8 payment plan, based on the total
 9 amount of the borrower's Federal loan
 10 under this section and a schedule of
 11 different income levels.

12 “(ii) REPAYMENT OPTIONS.—A bor-
 13 rower of a loan made under this part may
 14 choose from—

15 “(I) a repayment plan with a
 16 fixed monthly repayment amount paid
 17 over a fixed period of time, not to ex-
 18 ceed 10 years; or

19 “(II) an income-based repayment
 20 plan under section 493C.

21 “(f) CONSOLIDATION LOANS.—

22 “(1) IN GENERAL.—A borrower of a loan made
 23 under this part may consolidate such loan with—

24 “(A) another loan made under this part;

1 “(B) a loan described in section
2 428C(a)(4) that was first disbursed before July
3 1, 2010; or

4 “(C) a loan made under section 455 that
5 was first disbursed before the July 1 prior to
6 the date of enactment of this Act.

7 “(2) ELIGIBILITY.—To be eligible for a consoli-
8 dation loan under this part, a borrower shall meet
9 the eligibility criteria set forth in section 428C(a)(3).

10 “(3) TERMS AND CONDITIONS.—A consolidation
11 loan under this subsection shall have the same terms
12 and conditions as a consolidation loan made under
13 section 455(g).”.

14 **SEC. 7. EARLY AWARENESS OF FINANCIAL AID ELIGI-**
15 **BILITY.**

16 Section 485E of the Act (20 U.S.C. 1092f) is amend-
17 ed by adding at the end the following:

18 “(c) EARLY AWARENESS.—

19 “(1) IN GENERAL.—Not later than 180 days
20 after the date of enactment of the Financial Aid
21 Simplification and Transparency Act of 2015, the
22 Secretary shall develop and implement a plan to dis-
23 seminate information about eligibility for Federal fi-
24 nancial aid under title IV to local educational agen-
25 cies and to middle and secondary schools that serve

students at least 25 percent of whom are eligible for a free or reduced price school lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

“(2) RECOMMENDATIONS TO CONGRESS.—Not later than 365 days after the date of enactment of the Financial Aid Simplification and Transparency Act of 2015, the Secretary, in consultation with State educational agencies, local educational agencies, and the Secretary of Agriculture, shall make recommendations to Congress on ways to provide individualized information about eligibility for Federal financial aid under title IV to elementary school and secondary school students who are eligible for a free or reduced price school lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).”.

SEC. 8. AMENDMENTS TO GENERAL PROVISIONS.

Part G of the Act (20 U.S.C. 1088 et seq.) is amended—

(1) by repealing section 483;

(2) in section 484—

(A) in subsection (a), by striking “under this title” and inserting “under parts A through E of this title”;

1 (B) in subsection (b), by striking “other
 2 than a loan under section 428B” and inserting
 3 “other than a loan under part F, section
 4 428B,”;

5 (C) in subsection (c), by striking “sub-
 6 section (a)(2)” and inserting “subsection (a)(2)
 7 or section 400(a)(2)” each place the term ap-
 8 pears;

9 (D) in subsection (d), by striking “under
 10 subparts 1, 3, and 4 of part A and parts B, C,
 11 D, and E of this title” and inserting “under
 12 subpart 1 of part A and parts B, C, D, E, and
 13 F of this title”;

14 (E) in subsection (f)(1), by striking “part
 15 B, part D, or part E” and inserting “part B,
 16 part D, part E, or part F” each place the term
 17 appears;

18 (F) in subsection (g)(1), by inserting “or
 19 section 400(a)(2)” after “subsection (a)(5)”;

20 (G) in subsection (m), by striking “under
 21 parts B, C, D, and E” and inserting “under
 22 parts B, C, D, E, and F”;

23 (H) in subsection (p), by inserting “or sec-
 24 tion 400A” after “under subsection (a)(4)”;
 25 and

1 (I) in subsection (q)(1), by striking “Fed-
 2 eral student financial aid application” and all
 3 that follows through the end of that paragraph
 4 and inserting “application described under sec-
 5 tion 400A (in the case of a student applying for
 6 a Federal Pell Grant) as the Secretary deter-
 7 mines is necessary for the purpose of
 8 prepopulating or verifying the information on
 9 such student financial aid applications.”;

10 (3) in section 484A(a)(2)(C) by striking “made
 11 under part D or E” and inserting “made under part
 12 D, E, or F”;

13 (4) in section 484B—

14 (A) in subsection (a)(3)(C)(i), by striking
 15 “parts B, D, and E” and inserting “parts B,
 16 D, E, and F”;

17 (B) in subsection (b)(2)(B), by striking
 18 “under part B or D” and inserting “under part
 19 B, D, or F”; and

20 (C) in subsection (b)(3)(A)—

21 (i) by redesignating clauses (v)
 22 through (vii) as clauses (vi) through (viii);
 23 and

24 (ii) by inserting after clause (iv) the
 25 following:

1 “(v) To outstanding balances on loans
 2 made under part F for the payment period
 3 or period of enrollment for which a return
 4 of funds is required.”;

5 (5) in section 485—

6 (A) in subsection (a)—

7 (i) by striking “under parts B, D, and
 8 E” and inserting “under parts B, D, E,
 9 and F” each place the term appears; and
 10 (ii) by striking “part B or D” and in-
 11 serting “part B, D, or F” each place the
 12 term appears;

13 (B) in subsection (b)—

14 (i) in paragraph (1)(A)—

15 (I) in the matter preceding clause
 16 (i), by inserting “or part F” after “or
 17 made under part E”; and

18 (II) in clause (vii), by striking
 19 “parts B, D, and E” and inserting
 20 “parts B, D, E, and F”; and

21 (ii) in paragraph (2)(A), in the matter
 22 preceding clause (i), by striking “part B,
 23 D, or E” and inserting “part B, D, E, or
 24 F”;

(C) in subsection (d)(1), by inserting “or part F” after “repayment plans for loans made under part D”; and

(D) in subsection (l)(1)—

(i) in subparagraph (A), in the matter preceding clause (i), by striking “or made under part D (other than a Federal Direct Consolidation Loan or a Federal Direct PLUS loan made on behalf of a student),” and inserting “, made under part D (other than a Federal Direct Consolidation Loan or a Federal Direct PLUS loan made on behalf of a student), or made under part F (other than a consolidation loan made under part F)”; and

(ii) in subparagraph (B), by striking “part B or D” and inserting “part B, D, or F”;

(6) in section 485B—

(A) by striking “parts D and E” and inserting “parts D, E, and F” each place the term appears; and

(B) by striking “part B, D, or E” and inserting “part B, D, E, or F” each place the term appears;

1 (7) in section 487, by striking “part B or D”
2 and inserting “part B, D, or F” each place the term
3 appears; and

4 (8) in section 493C by striking “part B or D”
5 and inserting “part B, D, or F” each place the term
6 appears.

7 **SEC. 9. TRANSITION PROVISION.**

8 The Secretary of Education shall take such actions
9 as the Secretary determines to be appropriate to provide
10 for the orderly transition from any authority to issue loans
11 under part D of the Higher Education Act of 1965 (20
12 U.S.C. 1087a et seq.) to any authority to issue loans
13 under part F of the Higher Education Act of 1965, as
14 amended by this Act.

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