

115TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To give middle-class families access to the maximum Federal Pell Grant, to increase college transparency, and State maintenance of efforts, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

\_\_\_\_\_ introduced the following bill; which was read twice  
and referred to the Committee on \_\_\_\_\_

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**A BILL**

To give middle-class families access to the maximum Federal Pell Grant, to increase college transparency, and State maintenance of efforts, 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 “Degrees Not Debt Act  
5 of 2018”.

6 **SEC. 2. INCREASE IN THE MAXIMUM AMOUNT OF A FED-**  
7 **ERAL PELL GRANT.**

8 Section 401(b)(7)(C) of the Higher Education Act of  
9 1965 (20 U.S.C. 1070a(b)(7)(C)) is amended—

1 (1) in clause (i)(I), by striking “clause (iv)(II)”  
2 and inserting “clause (v)(II)”;

3 (2) in clause (ii)(I), by striking “clause (iv)(II)”  
4 and inserting “clause (v)(II)”;

5 (3) by redesignating clauses (iii) and (iv) as  
6 clauses (iv) and (v), respectively;

7 (4) by inserting after clause (ii) the following:

8 “(iii) AWARD YEAR 2018–2019.—For  
9 award year 2018–2019, the amount deter-  
10 mined under this subparagraph for pur-  
11 poses of subparagraph (B)(iii) shall be  
12 equal to—

13 “(I) \$10,000; reduced by

14 “(II) the maximum Federal Pell  
15 Grant for which a student would be  
16 eligible using the criteria provided  
17 under section 479; and

18 “(III) rounded to the nearest  
19 \$5.”; and

20 (5) by striking clause (iv), as redesignated by  
21 paragraph (3), and inserting the following:

22 “(iv) SUBSEQUENT AWARD YEARS.—  
23 For award year 2019–2020 and each sub-  
24 sequent award year, the amount deter-  
25 mined under this subparagraph for pur-

1 poses of subparagraph (B)(iii) shall be  
2 equal to—

3 “(I) the amount determined  
4 under this subparagraph for the pre-  
5 ceding award year; increased by

6 “(II) a percentage equal to the  
7 annual adjustment percentage for the  
8 award year for which the amount  
9 under this subparagraph is being de-  
10 termined; and

11 “(III) rounded to the nearest  
12 \$5.”.

13 **SEC. 3. INCREASE FAMILY INCOME THRESHOLD FOR DE-**  
14 **TERMINATION OF EXPECTED FAMILY CON-**  
15 **TRIBUTION EQUAL TO ZERO.**

16 (a) IN GENERAL.—Section 479 of the Higher Edu-  
17 cation Act of 1965 (20 U.S.C. 1087ss) is amended to read  
18 as follows:

19 **“SEC. 479. SIMPLIFIED APPLICATION.**

20 “(a) SIMPLIFIED APPLICATION SECTION.—

21 “(1) IN GENERAL.—The Secretary shall develop  
22 and use an easily identifiable simplified application  
23 section as part of the common financial reporting  
24 form prescribed under section 483(a) for families de-  
25 scribed in subsection (b).

1           “(2) REDUCED DATA REQUIREMENTS.—The  
2           simplified application form shall in the case of a  
3           family meeting the requirements of subsection (b),  
4           permit such family to be treated as having an ex-  
5           pected family contribution equal to zero for purposes  
6           of establishing such eligibility and to submit only the  
7           data elements required to make a determination  
8           under subsection (b).

9           “(b) ZERO EXPECTED FAMILY CONTRIBUTION.—  
10          The Secretary shall consider an applicant to have an ex-  
11          pected family contribution equal to zero if—

12                 “(1) in the case of a dependent student, the  
13                 sum of the adjusted gross income of the student’s  
14                 parents is less than or equal to 250 percent of the  
15                 poverty line (as defined by the Office of Manage-  
16                 ment and Budget, and revised annually in accord-  
17                 ance with section 673(2) of the Community Services  
18                 Block Grant Act (42 U.S.C. 9902(2))) applicable to  
19                 a family of the size involved;

20                 “(2) in the case of an independent student with  
21                 dependents other than a spouse, the sum of the ad-  
22                 justed gross income of the student and the student’s  
23                 spouse (if appropriate) is less than or equal to 250  
24                 percent of the poverty line (as defined by the Office  
25                 of Management and Budget, and revised annually in

1 accordance with section 673(2) of the Community  
2 Services Block Grant Act (42 U.S.C. 9902(2))) ap-  
3 plicable to a family of the size involved; or

4 “(3) in the case of an independent student  
5 without dependents other than a spouse, the sum of  
6 the adjusted gross income of the student and the  
7 student’s spouse (if appropriate) is less than or  
8 equal to 250 percent of the poverty line (as defined  
9 by the Office of Management and Budget, and re-  
10 vised annually in accordance with section 673(2) of  
11 the Community Services Block Grant Act (42 U.S.C.  
12 9902(2))) applicable to a family of the size involved.

13 “(c) ADJUSTMENTS.—An individual is not required  
14 to qualify or file for the earned income credit in order to  
15 be eligible under this subsection. The Secretary shall an-  
16 nually adjust the income level necessary to qualify an ap-  
17 plicant for the zero expected family contribution. The in-  
18 come level shall be adjusted according to increases in the  
19 Consumer Price Index, as defined in section 478(f).”.

20 (b) ADJUSTMENTS IN INCOME PROTECTION ALLOW-  
21 ANCES.—For each academic year, the Secretary of Edu-  
22 cation shall continue to publish in the Federal Register  
23 a revised table of income protection allowances pursuant  
24 to section 478(b)(1)(A) of the Higher Education Act of  
25 1965 (20 U.S.C. 1087rr(b)(1)(A)).

1 **SEC. 4. STATE RESPONSIBILITY.**

2 (a) MAINTENANCE OF EFFORT REQUIREMENTS.—

3 Section 401 of the Higher Education Act of 1965 (20  
4 U.S.C. 1070a) is amended by adding at the end the fol-  
5 lowing:

6 “(k) INSTITUTIONAL INELIGIBILITY BASED ON FAIL-  
7 URE OF STATE TO MAINTAIN HIGHER EDUCATION AP-  
8 PROPRIATIONS LEVEL.—

9 “(1) IN GENERAL.—Each State that receives  
10 funds under this Act shall maintain expenditures  
11 and State financial aid for institutions of higher  
12 education in the State, with respect to a fiscal year,  
13 at an amount that is equal to or more than the aver-  
14 age amount of State expenditures and State finan-  
15 cial aid for institutions of higher education in the  
16 State for the 10 fiscal years preceding such fiscal  
17 year.

18 “(2) CONSEQUENCES OF FAILURE TO MAINTAIN  
19 EFFORT.—Notwithstanding any other provision of  
20 law and beginning 5 years after the date of enact-  
21 ment of the Degrees Not Debt Act of 2018, the Sec-  
22 retary shall not make a payment under this subpart  
23 to an institution of higher education for a fiscal year  
24 for the purpose of making a Federal Pell Grant to  
25 eligible students in attendance at such institution  
26 and any such student shall not be eligible to receive

1 a Federal Pell Grant for attendance at such institu-  
2 tion for the fiscal year, if the institution—

3 “(A) is an institution of higher education,  
4 as defined in section 102; and

5 “(B) is located in a State that has not  
6 maintained expenditures and State financial aid  
7 for institutions of higher education in the State,  
8 with respect to the fiscal year, at an amount  
9 that is equal to or more than the average  
10 amount of State expenditures and State finan-  
11 cial aid for institutions of higher education in  
12 the State for the 5 fiscal years preceding such  
13 fiscal year.

14 “(3) WAIVER.—The Secretary may waive the  
15 requirement of paragraph (1) for a State, for one  
16 fiscal year at a time, and the provisions of para-  
17 graph (2) shall have no effect for such fiscal year if  
18 the Secretary determines that granting a waiver  
19 would be equitable due to exceptional or uncontrol-  
20 lable circumstances such as a natural disaster or a  
21 precipitous and unforeseen decline in the financial  
22 resources of the State.”.

1 **SEC. 5. COLLEGE AND UNIVERSITY RESPONSIBILITY.**

2 (a) PROGRAM PARTICIPATION AGREEMENTS.—Sec-  
3 tion 487 of the Higher Education Act of 1965 (20 U.S.C.  
4 1094) is amended—

5 (1) in subsection (a), by adding at the end the  
6 following:

7 “(30) The institution will put a prominent link  
8 on the homepage of the institution’s primary website  
9 that goes directly to a report of a standard set of  
10 key performance indicators with respect to the insti-  
11 tution, as described in subsection (k).”; and

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

13 “(k) PERFORMANCE INDICATORS.—

14 “(1) IN GENERAL.—The key performance indi-  
15 cators under this subsection are the following:

16 “(A)(i) Graduation rates—

17 “(I) at 100 percent of the normal  
18 time for graduation;

19 “(II) at 150 percent of the normal  
20 time for graduation;

21 “(III) at 200 percent of the normal  
22 time for graduation; and

23 “(IV) each of which is disaggregated  
24 by age (25 years old and younger, and  
25 older than 25 years old), income, race and



1 ethnicity, and first-generation college sta-  
2 tus.

3 “(ii) Transfer out rates. Each such rate  
4 shall be disaggregated by age (25 years old and  
5 younger, and older than 25 years old), income,  
6 race and ethnicity, and first-generation college  
7 status.

8 “(iii) Withdrawal rates, including rates of  
9 students who withdraw from a certificate pro-  
10 gram to seek employment in a related field of  
11 study.

12 “(B) Employment outcomes, including the  
13 following:

14 “(i) The average salary of a graduate  
15 3 years after graduation.

16 “(ii) The percentage of graduates  
17 who, 180 days after graduation—

18 “(I) are employed full time;

19 “(II) are employed part-time;

20 “(III) are employed in the grad-  
21 uate’s field of study or certificate; and

22 “(IV) make more than \$25,000 a  
23 year.

24 “(iii) The cohort repayment rate.

1           “(C) Student satisfaction rate as indicated  
2 by a survey of all students and recent alumni  
3 with the following 2 questions using a 5-point  
4 Likert scale:

5           “(i) How satisfied are you with your  
6 educational experience at [name of institu-  
7 tion]?

8           “(ii) If you were making the decision  
9 today, how likely would you be to choose to  
10 attend [name of institution] again?

11          “(D) The percentage of students who con-  
12 tinue enrollment at the institution after the  
13 first year of enrollment.

14          “(E) The average net price for the institu-  
15 tion’s most recent cohort of graduates,  
16 disaggregated by income quartile.

17          “(F) The average annual net price for full-  
18 time attendance, broken out by tuition, fees, liv-  
19 ing costs, and other (indirect) costs.

20          “(G) The median time to degree comple-  
21 tion.

22          “(H) The percentage of enrolled students  
23 with student loan debt.

1           “(I) The average student loan debt at time  
2 of graduation for the most recent cohort of  
3 graduates who borrowed money.

4           “(J) The average student loan debt at time  
5 of withdrawal for the most recent cohort of  
6 non-graduates who borrowed money.

7           “(2) COHORT REPAYMENT RATE.—

8           “(A) IN GENERAL.—In this subsection, the  
9 term ‘cohort repayment rate’ means, for any  
10 fiscal year beginning with fiscal year 2022—

11           “(i) in the case in which 30 or more  
12 borrowers at the institution enter repay-  
13 ment on Federal Direct Stafford Loans,  
14 Federal Direct Unsubsidized Stafford  
15 Loans, Federal Direct PLUS Loans, or  
16 Federal Direct Consolidation Loans, re-  
17 ceived for attendance at the institution, the  
18 percentage of those borrowers who are not  
19 in default and who make at least a one  
20 dollar reduction on their initial student  
21 loan principal balance before the end of the  
22 second fiscal year following the fiscal year  
23 in which the borrowers entered repayment,  
24 except as provided in subparagraph (B);  
25 and

1           “(ii) in the case in which less than 30  
2           borrowers at the institution enter repay-  
3           ment on Federal Direct Stafford Loans,  
4           Federal Direct Unsubsidized Stafford  
5           Loans, Federal Direct PLUS Loans, or  
6           Federal Direct Consolidation Loans, re-  
7           ceived for attendance at the institution, the  
8           percentage of those borrowers plus all of  
9           the borrowers at the institution who en-  
10          tered repayment on such loans (or on the  
11          portion of a loan made under section 428C  
12          that is used to repay any such loans) in  
13          the 3 fiscal years preceding the fiscal year  
14          for which the determination is made, who  
15          are not in default and who make at least  
16          a one dollar reduction on their initial stu-  
17          dent loan principal balance before the end  
18          of the second fiscal year following the year  
19          in which the borrowers entered repayment,  
20          except as provided in subparagraph (B).

21           “(B) EXCEPTION.—The ‘cohort repayment  
22          rate’ calculation under subparagraph (A) shall  
23          not include in the calculation a borrower who  
24          is—

1           “(i) in deferment on repayment of a  
2 loan described in subparagraph (A) due to  
3 study in an approved graduate fellowship  
4 program or in an approved rehabilitation  
5 training program for the disabled;

6           “(ii) in deferment on repayment of a  
7 loan described in subparagraph (A) during  
8 a period of at least half-time enrollment in  
9 college or a career school;

10           “(iii) in deferment on repayment of a  
11 loan described in subparagraph (A) during  
12 a period of service qualifying for loan dis-  
13 charge or cancellation under part E;

14           “(iv) in deferment on repayment of a  
15 loan described in subparagraph (A) due to  
16 active duty military service of the borrower  
17 during a war, military operation, or na-  
18 tional emergency;

19           “(v) in deferment on repayment of a  
20 loan described in subparagraph (A) during  
21 the 13 months following the conclusion of  
22 qualifying active duty military service by  
23 the borrower, or until the borrower returns  
24 to enrollment on at least a half-time basis,  
25 whichever is earlier, if the borrower is a

1 member of the National Guard or other re-  
2 serve component of the Armed Forces and  
3 was called or ordered to active duty while  
4 enrolled at least half-time at an eligible  
5 school or within 6 months of having been  
6 enrolled at least half-time;

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

10 “(vii) serving as a volunteer under the  
11 Peace Corps Act (22 U.S.C. 2501 et seq.)  
12 or the Domestic Volunteer Service Act of  
13 1973 (42 U.S.C. 4950 et seq.).

14 “(3) NEW DATA POINTS.—The Secretary shall  
15 work with the National Center for Education Statis-  
16 tics to identify new data points that need to be col-  
17 lected to assist colleges and universities with the col-  
18 lection, organization, and distribution of key per-  
19 formance indicators and cohort repayment rates.

20 “(4) GUIDANCE.—The Secretary shall issue  
21 guidance, with input from stakeholders, to facilitate  
22 the data collection and display of key performance  
23 indicators.”.

24 (b) ENHANCED DATA COLLECTION FOR INSTITU-  
25 TIONS WITH ENROLLMENT RATES OF LESS THAN 5,000

1 STUDENTS.—Section 489(a) of the Higher Education Act  
2 of 1965 (20 U.S.C. 1096(a)) is amended—

3 (1) in the first sentence, by inserting “(or, in  
4 the case of an institution with an enrollment of less  
5 than 5,000 students, \$6)” after “\$5” ; and

6 (2) by adding at the end the following: “In ad-  
7 dition, the Secretary shall provide funds to assist  
8 small institutions of higher education, with enroll-  
9 ment rates of less than 5,000 students, with data  
10 collection, organization, and distribution of perform-  
11 ance indicators and cohort repayment rates.”.

12 **SEC. 6. REPEAL OF INCREASED ALTERNATIVE MINIMUM**  
13 **TAX EXEMPTION AMOUNT FOR INDIVIDUALS.**

14 (a) IN GENERAL.—Section 55(d) of the Internal Rev-  
15 enue Code of 1986 is amended by striking paragraph (4).

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 2017.

19 **SEC. 7. REPEAL OF INCREASED ESTATE AND GIFT TAX EX-**  
20 **EMPTION.**

21 (a) IN GENERAL.—Section 2010(c)(3) of the Internal  
22 Revenue Code of 1986 is amended by striking “January  
23 1, 2026” and inserting “the date of the enactment of the  
24 Degrees Not Debt Act of 2018”.

1       (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to estates of decedents dying and  
3 gifts made after the date of the enactment of this Act.