

103^D CONGRESS
1ST SESSION

H. R. 3382

To amend the Higher Education Act of 1965 to prevent an institution from participating in the Pell Grant program if such institution has a high default rate under the Guaranteed Student Loan Program.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 27, 1993

Mr. GORDON introduced the following bill; which was referred to the
Committee on Education and Labor

A BILL

To amend the Higher Education Act of 1965 to prevent an institution from participating in the Pell Grant program if such institution has a high default rate under the Guaranteed Student Loan Program.

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. DEFAULT RATE INELIGIBILITY FOR PELL**
4 **GRANT PROGRAM.**

5 Section 481(a) of the Higher Education Act of 1965
6 (20 U.S.C. 1088a) is amended by adding at the end the
7 following new paragraph:

1 “(7)(A) An institution may not qualify as an institu-
2 tion of higher education for purposes of the Pell Grant
3 program under subpart 1 of part A of this title for the
4 fiscal year for which the determination is made, and for
5 the two succeeding fiscal years, if the cohort default rate
6 of such institution as determined under section 435(a) for
7 each of the 3 most recent fiscal years for which data are
8 available equals or exceeds the percentage specified in sub-
9 paragraph (B).

10 “(B) For purposes of determinations under subpara-
11 graph (A), the percentage is—

12 “(i) 35 percent for fiscal year 1994;

13 “(ii) 30 percent for fiscal year 1995; and

14 “(iii) 25 percent for any succeeding fiscal year.

15 “(C) Notwithstanding subparagraph (A), the Sec-
16 retary may permit an institution to continue to participate
17 in the Pell Grant program under subpart 1 of part A of
18 this title if there are, in the judgment of the Secretary,
19 exceptional mitigating circumstances that would make the
20 application of this paragraph inequitable. The Secretary
21 shall give special consideration, in making such judg-
22 ments, to institutions that are part B institutions within
23 the meaning of section 322(2) of this Act.”.

1 **SEC. 2. EFFECTIVE DATE.**

2 The amendment made by this Act shall apply with
3 respect to periods of enrollment beginning on or after the
4 date of enactment of this Act.

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