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.

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Financial Aid Simplification and Transparency Act of 2014”.

SEC. 2. REFERENCES.

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

SEC. 3. STATEMENT OF PURPOSE.

The purpose of this Act is to simplify the Federal
student aid programs in order to provide—
(1) access to postsecondary education for stu-
dents and families; and
(2) information that will allow students and
families to make better consumer choices.

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

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

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

“(a) DEFINITIONS.—In part A and part F:
“(1) COST OF ATTENDANCE.—The term ‘cost of
attendance’ means—
“(A) tuition and fees normally assessed a
student carrying the same academic workload
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 ex-
penses, including a reasonable allowance for the
documented rental or purchase of a personal
computer, for a student attending the institu-
tion 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 de-
pendents residing at home with parents;

“(ii) for students without dependents
residing in institutionally owned or oper-
ated housing, shall be a standard allowance
determined by the institution based on the
amount normally assessed most of its resi-
dents 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
403(b) of title 37, United States Code,
shall be an allowance based on the expenses reasonably incurred by such students for board but not for room; and

“(iv) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;

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

“(i) books, supplies, and transportation (as determined by the institution);

“(ii) dependent care expenses (determined in accordance with subparagraph (H)); and

“(iii) room and board costs (determined in accordance with subparagraph (C)), except that a student may receive an allowance for such costs under this subparagraph for not more than 3 semesters or the equivalent, of which not more than 2 semesters or the equivalent may be consecutive;

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

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

“(G) for a student enrolled in an academic program in a program of study abroad approved for credit by the student’s home institution, reasonable costs associated with such study (as determined by the institution at which such student is enrolled);

“(H) for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents, except that—

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

“(ii) the period for which dependent care is required includes, but is not limited to, class-time, study-time, field work, internships, and commuting time;
“(I) for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student’s disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;

“(J) for a student receiving all or part of the student’s instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;

“(K) for a student engaged in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution);

“(L) for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional student loan incurred by the student to cover a student’s cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or
the average cost of any such fee or premium
charged by the Secretary, lender, or guaranty
agency making or insuring such loan, as the
case may be; and

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

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

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

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

“(C) does not owe a refund on grants pre-
viously received at any institution under this
title;
“(D) is not in a default status on any loan made, insured, or guaranteed by the Secretary under this title for attendance at any institution;

“(E) is a citizen or national of the United States, a permanent resident of the United States, or able to provide evidence from the Immigration and Naturalization Service that he or she is in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident; and

“(F) in the case of eligibility for a Federal Pell Grant, is also participating in the Federal loan program described under section 470.

“(3) MEANS-TESTED FEDERAL BENEFIT PROGRAM.—The term ‘means-tested Federal benefit program’ means any of the following mandatory spending programs of the Federal Government:

“(A) The supplemental security income program established under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.).

“(B) The supplemental nutrition assistance program established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.).
“(C) The free and reduced price school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

“(D) The program of block grants to States for temporary assistance for needy families program established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).


“(4) GRADUATE OR PROFESSIONAL STUDENT.—The term ‘graduate or professional student’ means a student who has received a baccalaureate degree and is enrolled in a program of study requiring a baccalaureate degree as a condition of that enrollment.

“(b) SPECIAL RULE FOR PARENT BORROWERS.—Whenever necessary to carry out the provisions of this section, the terms ‘student’ and ‘borrower’ as used in this part shall include a parent borrower under this section.
SEC. 400A. SIMPLIFIED APPLICATION FOR FEDERAL PELL GRANTS AND LOANS UNDER PART A AND PART F.

(a) In General.—Each individual desiring to apply for Federal financial aid under this title for any year shall file an application with the Secretary to determine eligibility for aid as described in subsection (b).

(b) Free Application.—

(1) In General.—The Secretary shall make available, for the purposes of subsection (a), a free application to determine the eligibility of a student for a Federal Pell Grant under section 401 or a Federal loan under part F based—

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

(B) in the case of a loan, on the student’s estimated loan amount, as determined by the institution in accordance with section 470(e)(4).

(2) Information Required of the Applicant.—The Secretary shall request the following information in order to determine an applicant’s eligibility for Federal student aid:

(A) For the purposes of attaining a Federal Pell Grant, the student’s—
“(i) name and address;
“(ii) social security number;
“(iii) date of birth; and
“(iv) income and family size as reported to the Internal Revenue Service in the year prior to the current prior year tax filing (as determined by the date of enrollment), which data, in the case of electronic filers, shall be retrieved from the Internal Revenue Service.

“(B) For the purpose of attaining a Federal loan, the applicant’s—
“(i) name and address;
“(ii) social security number;
“(iii) date of birth; and
“(iv) if the applicant so chooses, a list of institutions of higher education that the applicant is interested in attending.

“(3) INFORMATION TO BE SUPPLIED BY THE SECRETARY.—Upon receiving and timely processing an application described under paragraph (1), the Secretary will provide to only the applicant, the following information:
“(A) If the applicant applied for a Federal Pell Grant, the amount of the applicant’s Federal Pell Grant award.

“(B) If the applicant applied for a Federal loan under section 470, the amount of the Federal loan that the applicant may receive if the applicant chooses, and the following information:

“(i) If the interest rate on the loan has been determined at the time such information is provided, the interest rate on the loan.

“(ii) If the interest rate on the loan has not been determined at the time such information is provided, the current interest rate and a statement that the interest rate is subject to change.

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

“(I) the amount of the Federal loan under section 470 that the applicant may choose to receive; and
“(II) payment of such loan on a standard 10-year repayment plan.

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

“(I) for 2 years; and

“(II) for 4 years.

“(v) The monthly amount that the applicant would be required to repay if the applicant chooses to accept the loan, based on—

“(I) the amount of the Federal loan under section 470 that the applicant may choose to receive; and

“(II) payment of such loan according to the income-based repayment plan, reflecting not less than 5 different income levels.

“(vi) The monthly amount (based on not less than 5 different income levels) that the applicant would be required to repay if the applicant chooses to accept a
Section 5. One Grant Program.

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

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

"Sec. 401. Federal Pell Grants.

"(a) Program Authority and Method of Distribution.—

"(1) In General.—Grants made under this subpart shall be known as ‘Federal Pell Grants’.

"(2) Program Authorized.—For each of fiscal years 2015 through 2021, the Secretary shall pay to each eligible institution such sums as may be necessary to pay to each eligible student, as defined in accordance with section 400(a), for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a Federal Pell Grant in the amount for which that student is eligible, as determined pursuant to subsection (b)."
“(3) Method of distribution.—The Secretary shall provide funds to each eligible institution of higher education in an accurate and timely manner based upon an amount requested by the institution for eligible students at that institution that have submitted an approved application in accordance with subsection (d).

“(b) Purpose and amount of grant.—

“(1) Purpose.—The purpose of this part is to assist in making available the benefits of postsecondary 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 automatically 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 defined in section 400.

“(B) Award amount.—
“(i) AWARD YEAR 2014.—An eligible student shall receive a Federal Pell Grant award for award year 2014 in an amount determined in accordance with clause (ii).

“(ii) CALCULATION OF INDIVIDUAL AWARD AMOUNT.—

“(I) For family size of 1:

<table>
<thead>
<tr>
<th>2012 AGI</th>
<th>Pell Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0–$11,670</td>
<td>$5,730</td>
</tr>
<tr>
<td>$11,671–$12,837</td>
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<tr>
<td>$12,838–$14,004</td>
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<td>$14,005–$15,171</td>
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<tr>
<td>$22,174–$23,340</td>
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“(II) For family size of 2:

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<tr>
<td>$37,753–$39,325</td>
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</table>

“(III) For family size of 3:
### (IV) For family size of 4:

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<td>$57,241–$59,625</td>
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### (V) For family size of 5:

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**“(VI) For family size of 6:”**

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<td>$38,365–$41,561</td>
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<td>$41,562–$44,758</td>
<td>$4,810</td>
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<td>$44,759–$47,955</td>
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<td>$47,956–$51,152</td>
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<td>$76,729–$79,925</td>
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**“(VII) For family size of 7:”**

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<tr>
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“(VIII) For family size of 8 or more:

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<td>$90,001–$94,091</td>
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<tr>
<td>$94,092–$98,182</td>
<td>$2,410</td>
</tr>
<tr>
<td>$98,183–$102,273</td>
<td>$2,170</td>
</tr>
</tbody>
</table>

“(iii) Subsequent award years.—

For each award year subsequent to 2014, the dollar amounts in the table under clause (ii) shall be adjusted (rounded to the nearest dollar) by the percentage by which—

“(I) the maximum Federal Pell Grant award amount calculated in accordance with subparagraph (C)(i), exceeds or decreases below;

“(II) $5730.
“(C) MAXIMUM AMOUNT OF FEDERAL
PELL GRANT AWARD.—

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

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

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

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

“(I) to carry out clause (iii), such
sums as may be necessary for fiscal
year 2010 and each subsequent fiscal
year to provide the amount of increase
of the maximum Federal Pell Grant
required by clause (iii); and
“(II) to carry out this section—

“(aa) $0 for fiscal year 2015;

“(bb) $0 for fiscal year 2016;

“(cc) $1,574,000,000 for fiscal year 2017;

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

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

“(ff) $1,430,000,000 for fiscal year 2020; and

“(gg) $1,145,000,000 for fiscal year 2021 and each succeeding fiscal year.

“(iii) INCREASE IN FEDERAL PELL GRANTS.—The amounts made available pursuant to clause (ii)(I) shall be used to increase the amount of the maximum Federal Pell Grant for which a student shall be eligible during an award year, as specified in the last enacted appropriation Act applicable to that award year, by the
amount determined under clause (iv) for each succeeding award year.

“(iv) ADJUSTMENT AMOUNTS.—

“(I) AWARD YEARS 2014–2015 THROUGH 2017–2018.—For each of the award years 2014–2015 through 2017–2018, the amount determined under this clause for purposes of clause (iii) shall be equal to—

“(aa) the total maximum Federal Pell Grant for the preceding 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 clause, the term ‘annual adjustment percentage’ as applied to an award year, is equal to the estimated percentage change in the Consumer Price Index (as determined by the Secretary, using the definition in section 478(f)) for the most recent calendar year ending prior to the beginning of that award year.

“(IV) TOTAL MAXIMUM FEDERAL PELL GRANT.—For purposes of this clause, the term ‘total maximum Federal Pell Grant’ as applied to a pre-
ceeding award year, is equal to the sum of—

“(aa) the maximum Federal Pell Grant for which a student is eligible during an award year, as specified in the last enacted appropriation Act applicable to that preceding award year; and

“(bb) the amount of the increase in the maximum Federal Pell Grant required by this subparagraph for that preceding award year.

“(v) PROGRAM REQUIREMENTS AND OPERATIONS OTHERWISE UNAFFECTED.—

Except as provided in clauses (iii) and (iv), nothing in this subparagraph shall be construed to alter the requirements and operations of the Federal Pell Grant Program as authorized under this section, or authorize the imposition of additional requirements or operations for the determination and allocation of Federal Pell Grants under this section.
“(vi) Ratable Increases and Decreases.—The amounts specified in clause (iii) shall be ratably increased or decreased to the extent that funds available under clause (ii) exceed or are less than (respectively) the amount required to provide the amounts specified in clause (iii).

“(vii) Availability of Funds.—The amounts made available by clause (ii) for any fiscal year shall be available beginning on October 1 of that fiscal year, and shall remain available through September 30 of the succeeding fiscal year.

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

“(E) Limitations.—
“(i) Part-time Students.—In any case where a student attends an institution of higher education on less than a full-time basis (including a student who attends an institution of higher education on less than a half-time basis) during any academic year, the amount of the Federal Pell Grant to which that student is entitled shall be reduced in proportion to the degree to which that student is not so attending on a full-time basis in accordance with a schedule of reductions established by the Secretary for the purposes of this clause, computed in accordance with this subpart.

“(ii) Cost of Attendance.—No Federal Pell Grant under this subpart shall exceed the cost of attendance at the institution at which that student is in attendance.

“(iii) Incarceration.—No Federal Pell Grant shall be awarded under this subpart to any individual who is incarcerated in any Federal or State penal institution or who is subject to an involuntary civil commitment upon completion of a pe-
period of incarceration for a forcible or non-
forcible sexual offense (as determined in
accordance with the Federal Bureau of In-
vestigation's Uniform Crime Reporting
Program).

“(c) PERIOD OF ELIGIBILITY FOR GRANTS.—

“(1) IN GENERAL.—The period during which a
student may receive Federal Pell Grants shall be the
period required for the completion of the first under-
graduate baccalaureate program of study being pur-
sued by that student at the institution at which the
student is in attendance, except that any period dur-
ing which the student is enrolled in a non-credit or
remedial program of study as defined in paragraph
(2) shall not be counted for the purpose of this para-
graph.

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

“(A) programs of study which are non-
credit or remedial in nature (including courses
in English language instruction) which are de-
termined by the institution to be necessary to
help the student be prepared for the pursuit of
a first undergraduate baccalaureate degree or
certificate or, in the case of courses in English language instruction, to be necessary to enable the student to utilize already existing knowledge, training, or skills; or

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

“(3) LIMITATION.—No student is entitled to receive Federal Pell Grant payments concurrently from more than one institution.

“(4) EXCEPTIONS.—Notwithstanding paragraph (1), the Secretary may allow, on a case-by-case basis, a student to receive a basic grant if the student—

“(A) is carrying at least one-half the normal full-time work load for the program of study the student is pursuing, as determined by the institution of higher education; and

“(B) is enrolled or accepted for enrollment in a postbaccalaureate program that does not lead to a graduate degree, and in courses required by a State in order for the student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary
school in that State, except that this paragraph shall not apply to a student who is enrolled in an institution of higher education that offers a baccalaureate degree in education.

“(5) ANNUAL AWARD.—

“(A) IN GENERAL.—The period during which a student may receive Federal Pell Grants shall not exceed 12 semesters, or the equivalent of 12 semesters, as determined by the Secretary by regulation. Such regulation shall provide, with respect to a student who received a Federal Pell Grant for a semester and was enrolled on a less than full-time basis during that semester, that only a fraction of such semester shall count towards the semester limit described in this subparagraph.

“(B) EXCEPTIONS FOR ACCELERATED COMPLETION.—

“(i) ACCELERATED COURSEWORK.— An eligible student who completes coursework equivalent to one academic year before the end of an award year and has exhausted the Federal Pell Grant award funding for which that student is eligible for such award year may receive all,
or a portion of, the Federal Pell Grant funds that the student would otherwise be eligible to receive in the next award year to pay additional tuition and fees charged to the student due to enrolling in additional courses during such award year. A student who receives all, or a portion, of such Federal Pell Grant funds for the next award year in accordance with this clause shall not have the amount of Federal Pell Grant funds reduced in that next award year due to such accelerated coursework.

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

“(I) 2 PELL GRANTS IN A SINGLE AWARD YEAR.—In addition to the exception described in clause (i), the Secretary shall award an eligible student who has not completed coursework equivalent to one academic year before the end of an award year not more than 2 Federal Pell Grants during a single award year to permit such student to complete academic progress for that award year so
that the student may receive a degree or certificate on time. Such eligible student may earn academic credits exceeding the minimum number of credits needed to maintain academic progress toward receiving a degree or certificate on time, if those credits are earned in the course of pursuing academic progress for on time completion of a degree or certificate.

“(II) EXCEPTION TO ANNUAL PELL GRANT LIMIT.—In the case of a student receiving more than 1 Federal Pell Grant in a single award year under subclause (I), the total amount of Federal Pell Grants awarded to such student for the award year may exceed the maximum basic grant level calculated in accordance with subsection (b)(2)(C)(i) for such award year, but shall not exceed an amount equal to 150 percent of such maximum basic grant level.

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

“(d) APPLICATION FOR GRANTS.—The Secretary shall from time to time set dates by which students shall file applications for Federal Pell Grants under this subpart. Each student desiring a Federal Pell Grant for any year shall file an application with the Secretary to determine eligibility for an award as described in section 400A.

“(e) DISTRIBUTION OF GRANTS TO STUDENTS.—

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

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

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

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

“(g) INSUFFICIENT APPROPRIATIONS.—If, for any fiscal year, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (b) (but at the maximum grant level specified in such appropriation), the Secretary shall promptly transmit a notice of such insufficiency to each House of the Congress, and identify in such notice the additional amount that would be required to be appropriated to satisfy fully all entitlements (as so calculated at such maximum grant level).

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

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

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

SEC. 6. ONE LOAN PROGRAM.

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

(1) in section 451(a), by inserting “, and ending on the June 30 following the date of enactment of the Financial Aid Simplification and Transparency Act of 2014” after “during the period beginning July 1, 1994”; and

(2) by striking part F and inserting the following:

“PART F—ONE LOAN PROGRAM

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

“(a) Program Authorized.—

“(1) In general.—There are hereby made available, in accordance with the provisions of this part, such sums as may be necessary to make loans (including consolidation loans, as described in subsection (f)) to all eligible students (and the eligible parents of such students) in attendance at partici-
participating institutions of higher education, to enable such students to pursue their programs of study at such institutions during the period beginning on the July 1 after the date of enactment of the Financial Aid Simplification and Transparency Act of 2014.

“(2) Loan origination.—Loans made under this part shall be made by participating institutions, or consortia thereof, that have agreements with the Secretary to originate loans, or by alternative originators designated by the Secretary to make loans for students in attendance at participating institutions.

“(b) Funds for origination.—

“(1) In general.—The Secretary shall provide, on the basis of the estimated loan amount determined under subsection (c)(4) and the eligibility of students at each participating institution, and parents of such students, for such loans, funds for student and parent loans under this part directly to an institution of higher education that has an agreement with the Secretary under subsection (d)(1) to participate in the student loan programs under this part and that also has an agreement with the Secretary under subsection (d)(2) to originate loans under this part.
“(2) No entitlement to participate or originate.—No institution of higher education shall have a right to participate in the program authorized by this part, to originate loans, or to perform any program function under this part. Nothing in this paragraph shall be construed so as to limit the entitlement of an eligible student attending a participating institution (or the eligible parent of such student) to borrow under this part.

“(3) Delivery of loan funds.—Loan funds shall be paid and delivered to an institution by the Secretary prior to the beginning of the payment period established by the Secretary in a manner that is consistent with payment and delivery of Federal Pell Grants under subpart 1 of part A of this title.

“(4) Institutions outside the United States.—Loan funds for students (and parents of students) attending institutions outside the United States shall be disbursed through a financial institution located or operating in the United States and designated by the Secretary to serve as the agent of such institutions with respect to the receipt of the disbursements of such loan funds and the transfer of such funds to such institutions. To be eligible to receive funds under this part, an institution outside
the United States shall make arrangements with the
agent designated by the Secretary under this para-
graph to receive funds under this part.

“(c) Selection of Institutions for Participation and Origination.—

“(1) General Authority.—The Secretary
shall enter into agreements pursuant to subsection
(d)(1) with institutions of higher education to par-
ticipate in the student loan program under this part,
and agreements pursuant to subsection (d)(2) with
institutions of higher education, or consortia thereof,
to originate loans in such program, for academic
years beginning on or after the July 1 after the date
of enactment of the Financial Aid Simplification and
Transparency Act of 2014. Such agreements for the
academic year 2014–2015 shall, to the extent fea-
sible, be entered into not later than January 1, 2014.

“(2) Selection Criteria.—

“(A) Application.—Each institution of
higher education desiring to participate in the
student loan program under this part shall sub-
mit an application satisfactory to the Secretary
containing such information and assurances as
the Secretary may require.
“(B) SELECTION PROCEDURE.—The Secretary shall select institutions for participation in the student loan program under this part, and shall enter into agreements with such institutions under subsection (d)(1), from among those institutions that submit the applications described in subparagraph (A), and meet such other eligibility requirements as the Secretary shall prescribe.

“(3) SELECTION CRITERIA FOR ORIGINATION.—

“(A) IN GENERAL.—The Secretary may enter into a supplemental agreement with an institution (or a consortium of such institutions) that—

“(i) has an agreement under subsection (d)(1);

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

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

“(B) SELECTION CRITERIA.—The Secretary may approve an institution to originate loans only if such institution—

“(i) is not on the reimbursement system of payment for any of the programs
under subpart 1 of part A or part C of this title;

“(ii) is not overdue on program or financial reports or audits required under this title;

“(iii) is not subject to an emergency action, or a limitation, suspension, or termination under section 428(b)(1)(T), 432(h), or 487(e);

“(iv) in the opinion of the Secretary, has not had severe performance deficiencies for any of the programs under this title, including such deficiencies demonstrated by audits or program reviews submitted or conducted during the 5 calendar years immediately preceding the date of application;

“(v) provides an assurance that such institution has no delinquent outstanding debts to the Federal Government, unless such debts are being repaid under or in accordance with a repayment arrangement satisfactory to the Federal Government, or the Secretary in the Secretary’s discretion determines that the existence or amount of
such debts has not been finally determined
by the cognizant Federal agency; and

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

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

“(5) CONSORTIA.—Subject to such require-
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 at-
tendance at such institutions. Each such institution
shall be required to meet the requirements of para-
graph (3) with respect to loan origination.

“(d) AGREEMENTS WITH INSTITUTIONS.—

“(1) PARTICIPATION AGREEMENTS.—An agree-
ment 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 applicable to such loan, except that the institution may, in exceptional circumstances identified by the Secretary, refuse to certify a statement that permits a student to receive a loan under this part, or certify a loan amount that is less than the amount the student may otherwise be eligible to receive, as described in clauses (iii) and (iv) of subsection (e)(4)(B);

“(iv) set forth a schedule for disbursement of the proceeds of the loan in install-
ments, consistent with the requirements of section 428G; and

“(v) provide timely and accurate information concerning the status of student borrowers (and students on whose behalf parents borrow under this part) while such students are in attendance at the institution and concerning any new information of which the institution becomes aware for such students (or their parents) after such borrowers leave the institution, to the Secretary for the servicing and collecting of loans made under this part;

“(B) provide assurances that the institution will comply with requirements established by the Secretary relating to student loan information with respect to loans made under this part;

“(C) provide that the institution accepts responsibility and financial liability stemming from its failure to perform its functions pursuant to the agreement;

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

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

“(F) include such other provisions as the
Secretary reasonably determines are necessary
to protect the interests of the United States
and to promote the purposes of this part.

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

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

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

“(C) provide that the institution or consortium will originate loans to eligible students and parents in accordance with this part; and

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

“(3) WITHDRAWAL AND TERMINATION PROCEDURES.—The Secretary shall establish procedures by which institutions or consortia may withdraw or be terminated from the program under this part.

“(e) TERMS AND CONDITIONS OF LOANS.—

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

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

“(A) an eligible student, as defined in section 400(a), who is an undergraduate;
“(B) an eligible graduate or professional student as defined in section 400(a); or

“(C) a parent or legal guardian of an eligible student who is an undergraduate, as defined in section 400(a).

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

“(4) AMOUNT OF LOAN.—

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

“(i) an amount that is equal to the estimated loan amount, as determined by the institution by calculating—

“(I) the estimated cost of attendance at the eligible institution; minus

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

“(bb) in the case of a loan to a
parent, the amount of a loan awarded
under this part to the parent's child;
or

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

“(B) LOAN LIMITS.—

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

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

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

“(ii) AGGREGATE LIMITS.—Except as
provided under clause (iv), the maximum
aggregate amount of loans under this section that an eligible student may borrow shall be—

“(I) $37,500 in the case of a student who is an undergraduate student attending an eligible institution; and

“(II) $150,000 in the case of a student who is a graduate or professional student attending an eligible institution.

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

“(iv) INSTITUTIONAL DETERMINED LIMITS AND INCREASES.—

“(I) INSTITUTIONAL DETERMINED LIMITS.—

“(aa) IN GENERAL.—Notwithstanding any other provision of this paragraph, a participating institution may limit the annual amount that students enrolled in
an identified program of study at
that institution may borrow
under this section, if—

“(AA) the institution
can reasonably demonstrate,
based on previous student
income following such pro-
gram, that student debt lev-
els are excessive; and

“(BB) subject to item
(bb), any proration or lim-
itng of loan amounts are
applied in the same manner
to all students enrolled in
the institution or program of
study.

“(bb) Exception.—Not-
withstanding item (aa)(BB),
upon the request of an individual
student, an institution (at the
discretion of a financial aid ad-
ministrator) may increase the an-
nual amount limit established
under this subclause for an indi-
vidual student if that student
demonstrates special circumstances.

“(II) Institutional Determined Increases.—Notwithstanding the annual loan limits described in clause (i), a participating institution may increase the annual amount that graduate and professional students enrolled in an identified program of study at that institution may borrow under this section and allow the annual amount to exceed such limit (except that the increased annual loan amount shall be equal to not more than $45,000), if—

“(aa) the institution can reasonably demonstrate that students enrolled in a program of study have an increased need and should not be subject to the loan limitations described in clauses (i) and (iii); and

“(bb) any increase of loan amounts are applied in the same manner to all students enrolled
“(5) Repayment.—

“(A) In general.—Repayment of principal and interest accrued on loans made under this part shall commence not later than the day after 6 months after the date the student, or the student on whose behalf the loan was made—

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

“(ii) successfully completes the program of study in which the student is enrolled, as determined by the institution.

“(B) Repayment plans.—

“(i) In general.—Not later than 2 months after a student enters the status described under clause (i) or (ii) of subparagraph (A), the Secretary shall inform a borrower of a loan made under this part of the borrower’s repayment options, by providing—

“(I) the monthly payment amount that the borrower will owe
based on the total amount of the borrower’s Federal loan under this section if such loan is paid under a 10-year repayment plan; and

“(II) estimates of the monthly payment amounts that the borrower may owe under the income-based repayment plan, based on the total amount of the borrower’s Federal loan under this section and a schedule of different income levels.

“(ii) REPAYMENT OPTIONS.—A borrower of a loan made under this part may choose from—

“(I) a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, not to exceed 10 years; or

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

“(f) CONSOLIDATION LOANS.—

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

“(A) another loan made under this part;
“(B) a loan described in section 428C(a)(4) that was first disbursed before July 1, 2010; or

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

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

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

SEC. 7. EARLY AWARENESS OF FINANCIAL AID ELIGIBILITY.

Section 485E of the Act (20 U.S.C. 1092f) is amended by adding at the end the following:

“(c) EARLY AWARENESS.—

“(1) IN GENERAL.—Not later than 180 days after the date of enactment of the Financial Aid Simplification and Transparency Act of 2014, the Secretary shall develop and implement a plan to disseminate information about eligibility for Federal financial aid under title IV to local educational agencies 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 2014, 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”;
(B) in subsection (b), by striking “other than a loan under section 428B” and inserting “other than a loan under part F, section 428B,”;

(C) in subsection (e), by striking “subsection (a)(2)” and inserting “subsection (a)(2) or section 400(a)(2)” each place the term appears;

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

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

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

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

(H) in subsection (p), by inserting “or section 400A” after “under subsection (a)(4)”;

and
(1) in subsection (q)(1), by striking “Federal student financial aid application” and all that follows through the end of that paragraph and inserting “application described under section 400A (in the case of a student applying for a Federal Pell Grant) as the Secretary determines is necessary for the purpose of prepopulating or verifying the information on such student financial aid applications.”;

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

(4) in section 484B—

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

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

(C) in subsection (b)(3)(A)—

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

(ii) by inserting after clause (iv) the following:
“(v) To outstanding balances on loans made under part F for the payment period or period of enrollment for which a return of funds is required.”;

(5) in section 485—

(A) in subsection (a)—

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

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

(B) in subsection (b)—

(i) in paragraph (1)(A),

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

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

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

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

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

SEC. 9. TRANSITION PROVISION; CONFORMING AMENDMENTS.

(a) TRANSITION PROVISION.—The Secretary of Education shall take such actions as the Secretary determines to be appropriate to provide for the orderly transition from any authority to issue loans under part D to any authority to issue loans under part F.

(b) CONFORMING AMENDMENTS.—