

HR 7831

Preventing Financial Exploitation in Higher Education Act

Congress: 118 (2023–2025, Ended)

Chamber: House

Policy Area: Education

Introduced: Mar 26, 2024

Current Status: Referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways a

Latest Action: Referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. (Mar 26, 2024)

Official Text: <https://www.congress.gov/bill/118th-congress/house-bill/7831>

Sponsor

Name: Rep. Van Duyne, Beth [R-TX-24]

Party: Republican • **State:** TX • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Education and Workforce Committee	House	Referred To	Mar 26, 2024
Ways and Means Committee	House	Referred To	Mar 26, 2024

Subjects & Policy Tags

Policy Area:

Education

Related Bills

No related bills are listed.

Preventing Financial Exploitation in Higher Education Act

This bill establishes financial penalties for institutions of higher education (IHEs) with endowments of \$2.5 billion or more that have specified percentages of current and former students who default, are delinquent, or underpay on their federal student loans. The bill also imposes an increased excise tax on net investment income of certain IHEs that increase tuition beyond certain levels.

Specifically, the bill requires such an IHE to pay penalties to the Department of Education based on the IHE's

- cohort default rate (the percentage of how many borrowers default on their federal student loans in a fiscal year),
- cohort delinquency rate (the percentage of borrowers who are between 31- and 360-days past-due on their federal student loans), and
- cohort underpayment rate (the percentage of borrowers who are making regular payments on their federal student loans, are neither delinquent nor in default on those loans, but for whom the outstanding balances on their loans exceed the sum of the original loan balances).

For example, for FY2024, an IHE with a cohort default rate of 11% or more must pay a penalty in an amount equal to 30% of the total outstanding balance of principal and interest due on all federal student loans.

The bill also imposes an increased excise tax equal to 25% of the net investment income of an IHE with an endowment of \$2.5 billion or more that charges tuition exceeding the inflation adjustment base amount for the taxable year.

Actions Timeline

- **Mar 26, 2024:** Introduced in House
- **Mar 26, 2024:** Referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.