To establish that institutions of higher education shall be ineligible for funds under the Higher Education Act of 1965 due to campus disorder.

IN THE SENATE OF THE UNITED STATES

Mr. Vance introduced the following bill; which was read twice and referred to the Committee on ____________________

A BILL

To establish that institutions of higher education shall be ineligible for funds under the Higher Education Act of 1965 due to campus disorder.

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 “Encampments or Endowments Act”.

SEC. 2. INELIGIBILITY DUE TO CAMPUS DISORDER.

(a) In General.—Part B of title I of the Higher Education Act of 1965 (20 U.S.C. 1011 et seq.) is amended by adding at the end the following:
“SEC. 124. INELIGIBILITY DUE TO CAMPUS DISORDER.

“(a) IN GENERAL.—Notwithstanding any other provision of law, no institution of higher education shall be eligible to receive funds under this Act (including funds for Federal student assistance under title IV) or participate in programs under title IV if the Secretary determines that the institution of higher education has failed to disestablish any permanent encampment on the institution’s campus if occupants of the encampment, whether or not affiliated with the institution of higher education—

“(1) have attempted to interfere with a core function of the institution of higher education; or

“(2) have obstructed the ingress or egress of students.

“(b) DEFINITIONS.—In this section:

“(1) CAMPUS.—The term ‘campus’ has the meaning given the term in section 485(f)(6).

“(2) CORE FUNCTION OF A UNIVERSITY.—The term ‘core function of a university’ means classroom instruction, research, and academic ceremonies performed as part of the matriculation, education, or graduation of students, including commencement ceremonies.

“(3) ENCAMPMENT.—The term ‘encampment’ means any establishment on the campus of the institution of higher education containing any tent, lean-
to, shack, or other structure erected for the purpose
day or reside, or where any bedding, sleeping bag,
stove, or collection of personal belongings has been
placed for the purpose of maintaining temporary or
permanent habitability.

“(4) PERMANENT ENCAMPMENT.—The term
‘permanent encampment’ means any encampment
existing on the campus of the institution of higher
education for 7 days or more.

“(c) REGAINING ELIGIBILITY.—On the date that is
5 years after the date on which an institution is declared
ineligible under this section, that institution may submit
an application to the Secretary containing a request to re-
gain such eligibility, and the Secretary shall consider such
request.”.

(b) APPLICABILITY.—The amendment made by sub-
section (a) shall take effect on the date of enactment of
this Act, and ineligibility with respect to any grant, loan,
or work assistance provided under title IV of the Higher
Education Act of 1965 (20 U.S.C. 1070 et seq.) due to
a violation of subsection (a) shall apply on or after July
1, 2025.

(c) FAFSA DETERMINATIONS.—The Secretary of
Education shall continue to receive and process the Free
Application for Federal Student Aid for continuously enrolled students (as defined in section 4969 of the Internal Revenue Code of 1986, as added by section 3), in order to make a determination about the covered Federal financial assistance amount (as defined under such section) for such students.

SEC. 3. EXCISE TAX ON THE ENDOWMENTS OF CERTAIN DISQUALIFIED COLLEGES AND UNIVERSITIES.

(a) In General.—Subchapter H of chapter 42 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 4969. EXCISE TAX ON ENDOWMENT INCOME OF CERTAIN DISQUALIFIED COLLEGES AND UNIVERSITIES.

"(a) Tax Imposed.—There is hereby imposed on each disqualified educational institution for any taxable year a tax equal to 50 percent of the aggregate fair market value of the assets of the institution at the end of the preceding taxable year.

"(b) Disqualified Educational Institution.—For purposes of this section, with respect to a taxable year—

"(1) In General.—The term ‘disqualified educational institution’ means an eligible educational in-
stitution (as defined in section 25A(f)(2)) which is ineligible to receive funds under the Higher Education Act of 1965 (including funds for Federal student assistance under title IV of such Act) or participate in programs under title IV of such Act pursuant to section 124 of such Act.

“(2) EXCEPTION.—An institution shall not be treated as a disqualified educational institution for the taxable year if such institution—

“(A) for the academic year ending with or within the taxable year, provides grant funds for all continuously enrolled students of the institution in an amount equal to the covered Federal financial assistance amount for such students, and

“(B) demonstrates such assistance to the Secretary of Education.

“(c) ASSETS.—The rules of section 4968(d) shall apply for purposes of this section.

“(d) CONTINUOUSLY ENROLLED STUDENTS.—For purposes of this section, the term ‘continuously enrolled student’ means a student who—

“(1) is enrolled at an institution of higher education when that institution was determined to be ineligible for Federal student assistance pursuant to
section 124 of the Higher Education Act of 1965;

and

“(2) has continued enrollment in the same degree program at that institution.

“(e) Covered Federal Financial Assistance Amount.—For purposes of this section, the term ‘covered Federal financial assistance amount’ means the amount of Federal financial assistance under title IV of the Higher Education Act of 1965 (including through grants, loans, and work assistance) for which a student who is a continuously enrolled student in a disqualified educational institution would have been eligible, with respect to an applicable award year, if the disqualified educational institution were participating in the financial assistance programs under such title IV, as calculated based on a student’s submission of the Free Application for Federal Student Aid and in accordance with part F of such title IV.”.

(b) Clerical Amendment.—The table of sections for subchapter H of chapter 42 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“Sec. 4969. Excise Tax on the Endowments of Certain Disqualified Colleges and Universities.”.

(e) Effective Date.—The amendments made by this section shall apply to taxable years ending after July 1, 2025.