

119TH CONGRESS
2D SESSION

S. 5021

To provide consumer protections for students.

IN THE SENATE OF THE UNITED STATES

JULY 16, 2026

Mr. MERKLEY (for himself, Mr. DURBIN, and Mr. BLUMENTHAL) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To provide consumer protections for students.

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 “Protecting Students
5 from Worthless Degrees Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) FEDERAL EDUCATION ASSISTANCE
9 FUNDS.—The term “Federal education assistance
10 funds” has the meaning given the term in section

1 487(a)(24) of the Higher Education Act of 1965 (20
2 U.S.C. 1094(a)(24)).

3 (2) FREELY ASSOCIATED STATES.—The term
4 “freely associated States” means the Republic of the
5 Marshall Islands, the Federated States of Micro-
6 nesia, and the Republic of Palau.

7 (3) INSTITUTION OF HIGHER EDUCATION.—The
8 term “institution of higher education”—

9 (A) means a postsecondary education insti-
10 tution that receives Federal education assist-
11 ance funds; and

12 (B) includes an institution of higher edu-
13 cation, as defined in section 102 of the Higher
14 Education Act of 1965 (20 U.S.C. 1002).

15 (4) STATE.—The term “State” includes, in ad-
16 dition to the several States of the United States, the
17 Commonwealth of Puerto Rico, the District of Co-
18 lumbia, Guam, American Samoa, the United States
19 Virgin Islands, the Commonwealth of the Northern
20 Mariana Islands, and the freely associated States.

21 **SEC. 3. PROTECTIONS IN OCCUPATIONS REQUIRING STATE**
22 **LICENSURE.**

23 Notwithstanding any other provision of law, an insti-
24 tution of higher education is not eligible to receive Federal
25 education assistance funds with respect to any program

1 of postsecondary education or training, including a degree
2 or certificate program and any program offered by dis-
3 tance education or correspondence courses to students lo-
4 cated in a State other than where the institution is phys-
5 ically located, that is designed to prepare students for
6 entry into a recognized occupation or profession that re-
7 quires licensing or other established requirements as a
8 pre-condition for entry into such occupation or profession,
9 unless, by not later than 1 year after the date of enact-
10 ment of this Act—

11 (1) the successful completion of the program
12 fully qualifies a student, in the metropolitan statis-
13 tical area in which the student resides, in the State
14 in which the student resides, and in any State in
15 which the institution indicates, through advertising
16 or marketing activities or direct contact with poten-
17 tial students, that a student will be prepared to work
18 in the occupation or profession after successfully
19 completing the program, to—

20 (A) take any examination required for
21 entry into the recognized occupation or profes-
22 sion in the metropolitan statistical area and any
23 State described in this paragraph, including
24 satisfying all Federal, State, or professionally

mandated programmatic and specialized accreditation requirements, if any; and

(B) be certified or licensed or meet any other academically related pre-conditions that are required for entry into the recognized occupation or profession in any such State; and

(2) the institution offering the program provides timely placement for all of the academically related pre-licensure requirements for entry into the recognized occupation or profession, such as clinical placements, internships, or apprenticeships.

SEC. 4. PROTECTING STUDENTS AT GAINFUL EMPLOYMENT PROGRAMS AND PROTECTING ALL STUDENTS AND FEDERAL FUNDS FROM LOW-EARNING PROGRAMS.

(a) DEFINING GAINFUL EMPLOYMENT PROGRAMS.—

(1) ADDITIONAL INSTITUTIONS.—Section 101(b)(1) of the Higher Education Act of 1965 (20 U.S.C. 1001(b)(1)) is amended by inserting “, that meets the standards for debt-to-earnings in section 498C,” after “gainful employment in a recognized occupation”.

(2) PROPRIETARY INSTITUTION OF HIGHER EDUCATION.—Section 102(b)(1)(A)(i) of the Higher Education Act of 1965 (20 U.S.C. 1002(b)(1)(A)(i))

1 is amended by inserting “that meets the standards
 2 for debt-to-earnings in section 498C” after “gainful
 3 employment in a recognized occupation”.

4 (3) POSTSECONDARY VOCATIONAL INSTITU-
 5 TION.—Section 102(c)(1)(A) of the Higher Edu-
 6 cation Act of 1965 (20 U.S.C. 1002(c)(1)(A)) is
 7 amended by inserting “that meets the standards for
 8 debt-to-earnings in section 498C” after “gainful em-
 9 ployment in a recognized occupation”.

10 (4) ELIGIBLE PROGRAM.—Section
 11 481(b)(1)(A)(i) of the Higher Education Act of
 12 1965 (20 U.S.C. 1088(b)(1)(A)(i)) is amended by
 13 inserting “and meets the standards for debt-to-earn-
 14 ings in section 498C” after “gainful employment in
 15 a recognized profession”.

16 (b) DEBT-TO-EARNINGS.—Subpart 3 of part H of
 17 title IV of the Higher Education Act of 1965 (20 U.S.C.
 18 1099c et seq.) is amended by adding at the end the fol-
 19 lowing:

20 **“SEC. 498C. DEBT-TO-EARNINGS.**

21 **“(a) DEFINITIONS.—**In this section:

22 **“(1) ANNUAL DEBT-TO-EARNINGS RATE.—**The
 23 term ‘annual debt-to-earnings rate’ means, for a co-
 24 hort period and eligible program, the rate that is
 25 calculated for the cohort period for students, as de-

1 fined by the Secretary, who completed the eligible
 2 program during such cohort period by dividing the
 3 annual loan payment for such cohort period, as cal-
 4 culated by the Secretary, by the median annual
 5 earnings for such cohort period.

6 “(2) ANNUAL LOAN PAYMENT.—The term ‘an-
 7 nual loan payment’ means, for a cohort period and
 8 eligible program, the annual loan payment for the
 9 cohort of students who completed the eligible pro-
 10 gram during the cohort period, calculated by the
 11 Secretary by using—

12 “(A) the median loan debt of the cohort;

13 “(B) an amortization period of—

14 “(i) 10 years, in the case of an eligible
 15 program that leads to an undergraduate
 16 certificate or diploma, a postbaccalaureate
 17 certificate, an associate degree, or a grad-
 18 uate certificate;

19 “(ii) 15 years, in the case of an eligi-
 20 ble program that leads to a baccalaureate
 21 degree or a master’s degree; or

22 “(iii) 20 years, in the case of an eligi-
 23 ble program not described in clause (i) or
 24 (ii); and

25 “(C) an annual interest rate that is—

1 “(i) in the case of an eligible program
2 that is an undergraduate certificate or di-
3 ploma program, postbaccalaureate certifi-
4 cate program, or associate degree program,
5 the average of the annual statutory inter-
6 est rates on Federal Direct Unsubsidized
7 Loans applicable to undergraduate stu-
8 dents for the three consecutive award years
9 ending in the final year of the cohort pe-
10 riod;

11 “(ii) in the case of an eligible program
12 that is a graduate certificate program or a
13 master’s degree program, the average of
14 the annual statutory interest rates on Fed-
15 eral Direct Unsubsidized Loans applicable
16 to graduate students that were in effect
17 during the three consecutive award years
18 ending in the final year of the cohort pe-
19 riod;

20 “(iii) in the case of an eligible pro-
21 gram that is a bachelor’s degree program,
22 the average of the annual statutory inter-
23 est rates on Federal Direct Unsubsidized
24 Loans applicable to undergraduate stu-
25 dents for the six consecutive award years

1 ending in the final year of the cohort pe-
 2 riod; and

3 “(iv) in the case of an eligible pro-
 4 gram that is a doctoral program or a first
 5 professional degree program, the average
 6 of the annual statutory interest rates on
 7 Federal Direct Unsubsidized Loan applica-
 8 ble to graduate students for the six con-
 9 secutive award years ending in the final
 10 year of the cohort period.

11 “(3) COHORT PERIOD.—The term ‘cohort pe-
 12 riod’ means—

13 “(A) a period of 2 award years, with re-
 14 spect to an eligible program for which the num-
 15 ber of students who completed the eligible pro-
 16 gram in the 2-year period is 30 or more; and

17 “(B) a period of 4 award years, with re-
 18 spect to an eligible program not described in
 19 subparagraph (A).

20 “(4) DISCRETIONARY DEBT-TO-EARNINGS
 21 RATE.—The term ‘discretionary debt-to-earnings
 22 rate’ means the rate that is calculated for a cohort
 23 period and eligible program by calculating the
 24 quotient of—

1 “(A) the annual loan payment for such co-
2 hort period; divided by

3 “(B) the discretionary earnings for such
4 cohort period.

5 “(5) DISCRETIONARY EARNINGS.—The term
6 ‘discretionary earnings’ means the difference be-
7 tween—

8 “(A) the median annual earnings for a co-
9 hort period; and

10 “(B) the amount that is 150 percent of the
11 poverty level for an individual, as determined by
12 the Secretary of Health and Human Services
13 for the most recent calendar year for which me-
14 dian annual earnings data has been obtained.

15 “(6) MEDIAN ANNUAL EARNINGS.—The term
16 ‘median annual earnings’ means, for a cohort period
17 and an eligible program, the midpoint of the annual
18 earnings of students who completed the program—

19 “(A) for a 2-year cohort period—

20 “(i) in the fourth and fifth award
21 years prior to the year for which the most
22 recent data are available from the Federal
23 agency with earnings data, except as pro-
24 vided in clause (ii); and

1 “(ii) in the seventh and eighth award
 2 years prior to the year for which the most
 3 recent data are available from such Fed-
 4 eral agency, for qualifying graduate pro-
 5 grams; and

6 “(B) for a 4-year cohort period—

7 “(i) in the fourth, fifth, sixth, and
 8 seventh award years prior to the year for
 9 which the most recent data are available
 10 from the Federal agency with earnings
 11 data, except as provided in clause (ii); and

12 “(ii) in the seventh, eighth, ninth, and
 13 tenth award years prior to the year for
 14 which the most recent data are available
 15 from such Federal agency, for qualifying
 16 graduate programs.

17 “(7) MEDIAN LOAN DEBT.—The term ‘median
 18 loan debt’ means, for a cohort period and an eligible
 19 program, the amount obtained by—

20 “(A) calculating the loan debt, including
 21 private education loans (as defined in section
 22 140(a) of the Truth in Lending Act (15 U.S.C.
 23 1650(a))) for each student who completed the
 24 eligible program during such cohort period,
 25 based on the lesser of—

1 “(i) the loan debt incurred by each
2 student; or

3 “(ii) the total amount for tuition and
4 fees and books, equipment, and supplies
5 for each student, less the amount of insti-
6 tutional grant or scholarship funds pro-
7 vided to that student;

8 “(B) removing, if applicable, the number
9 of largest loan debts equivalent to the number
10 of students for whom the Federal agency with
11 earnings data reports it is unable to match to
12 earnings data; and

13 “(C) calculating the median of the remain-
14 ing loan debts of the cohort of students.

15 “(8) QUALIFYING GRADUATE PROGRAM.—

16 “(A) IN GENERAL.—The term ‘qualifying
17 graduate program’ means an eligible program—

18 “(i) for which the Secretary has iden-
19 tified outlier earnings growth; and

20 “(ii) whose students must complete
21 required postgraduation training programs
22 of not less than 3 years to obtain licensure
23 in one of the following fields:

24 “(I) Medicine.

25 “(II) Osteopathy.

1 “(III) Dentistry.

2 “(IV) Clinical psychology.

3 “(V) Marriage and family coun-
4 seling.

5 “(VI) Clinical social work.

6 “(VII) Clinical counseling.

7 “(B) OUTLIER EARNINGS GROWTH.—For
8 purposes of subparagraph (A)(i), the Secretary
9 may identify an eligible program as having
10 outlier earnings growth if there is a growth in
11 the median earnings for students who have
12 completed the program that is reflected by a
13 percent change in the median earnings of such
14 students between the median earnings of such
15 students measured 4 years after completion of
16 the program and the median earnings of such
17 students measured 10 years after completion of
18 the program, that is more than 2 standard devi-
19 ations above the average earnings growth for
20 other programs with the same credential level,
21 measured 4 years after completion and 10 years
22 after completion.

23 “(b) STANDARDS.—

24 “(1) IN GENERAL.—An eligible program does
25 not meet the standards for debt-to-earnings if, for 2

1 of any 3 consecutive award years, the applicable co-
2 hort of students fails the debt-to-earnings rates, as
3 described in paragraph (2).

4 “(2) FAILING.—A cohort of students who com-
5 pleted an eligible program during the cohort period
6 ending on the last day of an award year fails the
7 debt-to-earnings rates for the award year if the co-
8 hort has—

9 “(A) a discretionary debt-to-earnings rate
10 for such cohort period equal to or greater than
11 20 percent; and

12 “(B) an annual debt-to-earnings rate for
13 such cohort period equal to or greater than 8
14 percent.

15 “(c) PROCESS.—

16 “(1) DATA MATCH.—In order to ensure compli-
17 ance with paragraph (2), the Commissioner of the
18 Internal Revenue Service, the Commissioner of the
19 Social Security Administration, and the head of any
20 other Federal agency that administers the database
21 of individual-level earnings data shall, in coordina-
22 tion with the Secretary, timely ensure secure, annual
23 data matches of earnings data with Department of
24 Education data to produce the median annual earn-
25 ings of each eligible program.

1 “(2) REQUIREMENTS OF THE SECRETARY.—

2 The Secretary shall—

3 “(A) on an annual calendar year basis—

4 “(i) for each eligible program—

5 “(I) calculate for each award
6 year the discretionary debt-to-earnings
7 rate and the annual debt-to-earnings
8 rate for the program; and

9 “(II) publish the discretionary
10 debt-to-earnings rate and the annual
11 debt-to-earnings rate for the eligible
12 program for each award year on a
13 website established and maintained by
14 the Secretary;

15 “(ii) for each eligible program that is
16 a program of training to prepare students
17 for gainful employment in a recognized oc-
18 cupation or a graduate or professional de-
19 gree program offered by an institution of
20 higher education described in section
21 101(a), issue a notice of determination not
22 later than 45 days after completing the
23 data match described in paragraph (1), in-
24 forming the institution that provides the
25 program—

1 “(I) of the final discretionary
2 debt-to-earnings rate and the annual
3 debt-to-earnings rate for the program,
4 which may not be appealed by the in-
5 stitution unless the institution believes
6 that the Secretary erred in the cal-
7 culation of any such measure;

8 “(II) of the final determination
9 regarding whether the program meets
10 the standards for debt-to-earnings, as
11 described in subsection (b);

12 “(III) whether the program does
13 not meet the standards for debt-to-
14 earnings as described in subsection
15 (b)(1) or could not meet such stand-
16 ards in the next year if it fails the
17 debt-to-earnings rates, as described in
18 subsection (b)(2), in such next year;
19 and

20 “(IV) whether the institution is
21 required to provide warnings to en-
22 rolled students and prospective stu-
23 dents of the program’s failure, or risk
24 of failure, to meet the standards, as
25 determined under subclause (III); and

1 “(iii) for each eligible program that is
2 a program of training to prepare students
3 for gainful employment in a recognized oc-
4 cupation that does not meet the standards
5 for debt-to-earnings as described in sub-
6 section (b)(1), enforce the consequences
7 under subsection (d); and

8 “(B) develop processes to verify, on an an-
9 nual calendar year basis—

10 “(i) that each eligible program that is
11 a program of training to prepare students
12 for gainful employment in a recognized oc-
13 cupation, or a graduate or professional de-
14 gree program offered by an institution of
15 higher education described in section
16 101(a), provides the warning described in
17 subparagraph (A)(ii)(IV), if applicable;
18 and

19 “(ii) that each eligible program that is
20 a program of training to prepare students
21 for gainful employment in a recognized oc-
22 cupation that does not meet the standards
23 for debt-to-earnings as described in sub-
24 section (b)(1) does not receive funds as de-
25 scribed in subsection (d).

1 “(d) CONSEQUENCES OF NOT MEETING STAND-
2 ARDS.—

3 “(1) NO DISBURSEMENT OF FUNDS FOR EN-
4 ROLLMENT IN INELIGIBLE PROGRAMS.—An institu-
5 tion may not disburse program funds under this title
6 to students enrolled in a program of training to pre-
7 pare students for gainful employment in a recog-
8 nized occupation that does not meet the standards
9 for debt-to-earnings as described in this section.

10 “(2) TIME PERIOD TO REESTABLISH ELIGI-
11 BILITY.—An institution may not seek to reestablish
12 the eligibility of a program of training to prepare
13 students for gainful employment in a recognized oc-
14 cupation that does not meet the standards for debt-
15 to-earnings as described in this section, or establish
16 the eligibility of a program of training to prepare
17 students for gainful employment in a recognized oc-
18 cupation that is substantially similar to the program
19 that did not meet such standards, until the date that
20 is 3 years after the date of the notice of determina-
21 tion issued under subsection (c)(2)(A)(ii) that the
22 program of training to prepare students for gainful
23 employment in a recognized occupation does not
24 meet the standards.

1 “(e) EQUAL TREATMENT OF ALL PROGRAMS AND
 2 PROFESSIONS.—In carrying out this section, the Sec-
 3 retary shall apply the requirements equally to all cat-
 4 egories of programs and professions and shall not differen-
 5 tiate, delay implementation, or adjust any deadline, with
 6 respect to tipped professions or any other category of pro-
 7 fessions or programs unless explicitly authorized under
 8 this section.

9 “(f) REGULATIONS.—The Secretary shall issue regu-
 10 lations to carry out this section not later than 1 year after
 11 the date of enactment of the Protecting Students from
 12 Worthless Degrees Act, except that such regulations shall
 13 not be subject to the requirements of sections 482 and
 14 492.”.

15 (c) PROGRAM PARTICIPATION REQUIREMENTS.—
 16 Section 487 of the Higher Education Act of 1965 (20
 17 U.S.C. 1094) is amended—

18 (1) in subsection (a), by adding at the end the
 19 following:

20 “(30) The institution will—

21 “(A) provide to the Secretary not later
 22 than the first December 31 following the date
 23 of enactment of the Protecting Students from
 24 Worthless Degrees Act (or, for any institution
 25 that does not have an active program participa-

tion agreement as of such date, the first December 31 after the institution enters into the agreement), in accordance with procedures established by the Secretary, a certification signed by the most senior executive officer of the institution that the institution and each of the eligible gainful employment programs included on the eligibility and certification approval report of the institution under subpart 3 of part H meet the requirements of subsection (i);

“(B) include with its certification an explanation of how each eligible gainful employment program is not substantially similar to any ineligible or discontinued program described in subsection (i)(2)(D); and

“(C) update the certification within 10 days if there are any changes in the approvals for an eligible gainful employment program, or other changes for an eligible gainful employment program that make the existing certification no longer accurate.”;

(2) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively; and

1 (3) by inserting after subsection (h) the fol-
 2 lowing:

3 “(i) CERTIFICATION REQUIREMENTS FOR GAINFUL
 4 EMPLOYMENT PROGRAMS.—

5 “(1) DEFINITION OF GAINFUL EMPLOYMENT
 6 PROGRAM.—In this subsection, the term ‘gainful em-
 7 ployment program’ means a program of training
 8 that—

9 “(A) in order to qualify for assistance
 10 under this title, is required under subsection
 11 (b)(1)(A)(i) or (c)(1)(A) of section 102, or sec-
 12 tion 101(b)(1), to satisfy gainful employment
 13 requirements, including debt-to-earnings; and

14 “(B) is offered by an institution eligible to
 15 receive assistance under this title.

16 “(2) IN GENERAL.—Each eligible gainful em-
 17 ployment program included on the eligibility and cer-
 18 tification approval report of an institution of higher
 19 education shall comply with each of the following:

20 “(A) The gainful employment program is
 21 approved by a recognized accrediting agency or
 22 is otherwise included in the institution’s accred-
 23 itation by its recognized accrediting agency, or,
 24 if the institution is a public postsecondary voca-
 25 tional institution, the program is approved by a

1 recognized State agency for the approval of
2 public postsecondary vocational education in
3 lieu of accreditation.

4 “(B) The gainful employment program is
5 programmatically accredited, if such accredita-
6 tion is required by—

7 “(i) a Federal governmental entity;

8 “(ii) a governmental entity in the
9 State in which the institution is located; or

10 “(iii) a governmental entity in a State
11 in which the institution is not physically lo-
12 cated, if the institution—

13 “(I) offers postsecondary edu-
14 cation through distance education or
15 correspondence courses to students lo-
16 cated in that State; or

17 “(II) is otherwise subject to that
18 State’s jurisdiction, as determined by
19 that State.

20 “(C) The gainful employment program sat-
21 isfies the applicable educational prerequisites
22 for professional licensure or certification re-
23 quirements in the State in which the institution
24 is located or a State described in subparagraph
25 (B)(iii), so that a student who completes the

1 program and seeks employment in any such
 2 State qualifies to take any licensure or certifi-
 3 cation examination that is needed for the stu-
 4 dent to practice or find employment in an occu-
 5 pation that the program prepares students to
 6 enter.

7 “(D) The gainful employment program is
 8 not substantially similar to a program offered
 9 by the institution that, in any of the 3 years
 10 prior to the date of the eligibility and certifi-
 11 cation approval report—

12 “(i) failed the standards for debt-to-
 13 earnings in section 498C, the low earnings
 14 outcome measure described in section
 15 454(c)(2), or any subsequent outcome
 16 measure that the Secretary determines
 17 serves the best interests of students and
 18 taxpayers; and

19 “(ii)(I) became ineligible for funding;
 20 or

21 “(II) was voluntarily discontinued by
 22 the institution.

23 “(3) REQUIREMENTS ENSURING STUDENT
 24 AWARENESS.—Before an institution offering a gain-
 25 ful employment program enrolls any student who in-

tends to reside, practice, or seek employment in a State for which the program does not satisfy the applicable educational prerequisites for professional licensure or certification requirements needed for that occupation in that State, the institution shall notify the student that the gainful employment program does not satisfy the prerequisites.

“(4) REQUIREMENTS REGARDING REESTABLISHMENT OF ELIGIBILITY.—The institution shall not seek to reestablish the eligibility of a gainful employment program that is ineligible for funding under this subsection or subsection (a)(30) until not less than 3 years following the date specified in the notice of determination informing the institution of the program’s ineligibility.”.

(d) APPLICATION OF EARNINGS OUTCOMES REQUIREMENTS TO UNDERGRADUATE CERTIFICATE OR DIPLOMA PROGRAMS.—Section 454 of the Higher Education Act of 1965 (20 U.S.C. 1087d) is amended—

(1) in subsection (c)(2), by inserting “undergraduate certificate or diploma,” after “if the program awards an”;

(2) in subsection (c)(3)(A)(iii)(I), by inserting “, or undergraduate certificate or diploma,” after “in the case of a determination made for an edu-

1 cational program that awards a baccalaureate or
 2 lesser degree”; and

3 (3) in subsection (c)(3)(B)(i), by inserting “, or
 4 undergraduate certificate or diploma,” after “with
 5 respect to an educational program that awards a
 6 baccalaureate or lesser degree”.

7 (e) APPLYING EARNING OUTCOMES REQUIREMENTS
 8 EQUALLY TO ALL PROFESSIONS, INCLUDING TIPPED
 9 PROFESSIONS.—

10 (1) IN GENERAL.—Section 454(c) of the Higher
 11 Education Act of 1965 (20 U.S.C. 1087d(c)) is
 12 amended by adding at the end the following:

13 “(8) EQUAL TREATMENT OF ALL PROGRAMS
 14 AND PROFESSIONS.—In carrying out this subsection,
 15 the Secretary shall apply the requirements equally to
 16 all categories of programs and professions and shall
 17 not differentiate, delay implementation, or adjust
 18 any deadline, with respect to tipped professions or
 19 any other category of professions or programs unless
 20 explicitly authorized in this subsection.”.

21 (2) NO REGULATIONS ALLOWING DELAY FOR
 22 TIPPED PROFESSIONS.—

23 (A) IN GENERAL.—Paragraph (3) of sec-
 24 tion 668.402(c) of title 34, Code of Federal
 25 Regulations, as amended by the final rule sub-

mitted by the Department of Education relating to “Accountability in Higher Education and Access Through Demand-Driven Workforce Pell: Student Tuition and Transparency System (STATS) and Earnings Accountability” (91 Fed. Reg. 40136 (July 1, 2026)), shall have no force or effect.

(B) EFFECTIVE DATE.—Subparagraph (A) shall take effect on July 1, 2027.

SEC. 5. STATE AUTHORIZATION REQUIREMENTS FOR DISTANCE EDUCATION PROGRAMS.

Section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001) is amended—

(1) in subsection (a)(2), by inserting “, in accordance with subsection (d)” before the semicolon; and

(2) by adding at the end the following:

“(d) STATE AUTHORIZATION.—

“(1) IN GENERAL.—An institution that offers postsecondary education through distance education or correspondence courses shall meet the requirements of subsection (a)(2) by being legally authorized within each State in which the institution’s enrolled students are located, subject to paragraph (2).

1 “(2) STATE AUTHORIZATION RECIPROCITY
 2 AGREEMENTS.—An institution described in para-
 3 graph (1) that is located in a State that participates
 4 in a State authorization reciprocity agreement with
 5 another State and that is covered by such State au-
 6 thorization reciprocity agreement, is considered to
 7 meet State requirements for the institution to be le-
 8 gally offering postsecondary distance education or
 9 correspondence courses in the other State—

10 “(A) subject to any additional require-
 11 ments of that State; and

12 “(B) if the institution documents, in the
 13 manner required by the Secretary, that each
 14 State in which the institution’s enrolled stu-
 15 dents are located has a State process—

16 “(i) to review and take appropriate
 17 action on complaints from any of such en-
 18 rolled students concerning the institution,
 19 including enforcing applicable State law;
 20 and

21 “(ii) to make the complaints public.

22 “(3) STATE AUTHORIZATION RECIPROCITY
 23 AGREEMENT DEFINED.—In this subsection, the term
 24 ‘State authorization reciprocity agreement’ means an
 25 agreement between 2 or more States that—

1 “(A) authorizes an institution located and
2 legally authorized in a State covered by the
3 agreement to provide postsecondary education
4 through distance education or correspondence
5 courses to students located in other States cov-
6 ered by the agreement; and

7 “(B) does not prohibit any State in the
8 agreement from enforcing the State’s own stat-
9 utes and regulations, regardless as to whether
10 such statutes and regulations are general and
11 apply to all educational institutions or specifi-
12 cally directed at a subset of educational institu-
13 tions.”.

○