

107TH CONGRESS
1ST SESSION

S. 1445

To amend the Higher Education Act of 1965 to expand the opportunities
for higher education via telecommunications.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 2001

Mr. ENZI (for himself, Mr. DORGAN, Mr. FRIST, and Mr. HUTCHINSON) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 to expand
the opportunities for higher education via telecommunications.

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 “Internet Equity and
5 Education Act of 2001”.

6 **SEC. 2. EXCEPTION TO 50 PERCENT CORRESPONDENCE** 7 **COURSE LIMITATIONS.**

8 (a) DEFINITION OF INSTITUTION OF HIGHER EDU-
9 CATION FOR TITLE IV PURPOSES.—Section 102(a) of the

1 Higher Education Act of 1965 (20 U.S.C. 1002(a)) is
 2 amended by adding at the end the following:

3 “(7) EXCEPTION TO LIMITATION BASED ON
 4 COURSE OF STUDY.—Courses offered via tele-
 5 communications (as defined in section 484(l)(4))
 6 shall not be considered to be correspondence courses
 7 for purposes of paragraph (3)(A) for any institution
 8 that—

9 “(A) is participating in either or both of
 10 the loan programs under part B or D of title
 11 IV on the date of enactment of the Internet Eq-
 12 uity and Education Act of 2001; and

13 “(B) has a cohort default rate (as deter-
 14 mined under section 435(m)) for each of the 3
 15 most recent fiscal years for which data are
 16 available that is less than 10 percent.”.

17 (b) DEFINITION OF ELIGIBLE STUDENT.—Section
 18 484(l)(1) of the Higher Education Act of 1965 (20 U.S.C.
 19 1091(l)(1)) is amended by adding at the end the following:

20 “(C) EXCEPTION TO 50 PERCENT LIMITA-
 21 TION.—Notwithstanding the 50 percent limita-
 22 tion in subparagraph (A), a student enrolled in
 23 a course of instruction described in such sub-
 24 paragraph shall not be considered to be enrolled

1 in correspondence courses if the student is en-
 2 rolled in an institution that—

3 “(i) is participating in either or both
 4 of the loan programs under part B or D of
 5 title IV on the date of enactment of the
 6 Internet Equity and Education Act of
 7 2001; and

8 “(ii) has a cohort default rate (as de-
 9 termined under section 435(m)) for each of
 10 the 3 most recent fiscal years for which
 11 data are available that is less than 10 per-
 12 cent.”.

13 **SEC. 3. DEFINITION OF ACADEMIC YEAR.**

14 Section 481(a)(2) of the Higher Education Act of
 15 1965 (20 U.S.C. 1088(a)(2)) is amended by inserting
 16 after the first sentence the following: “For purposes of any
 17 program under this title (whether a standard or non-
 18 standard term program), a “week of instruction” is de-
 19 fined as a week in which at least 1 day of instruction,
 20 examination, or preparation for examination occurs.”.

21 **SEC. 4. INCENTIVE COMPENSATION.**

22 (a) AMENDMENT.—Part G of title IV of the Higher
 23 Education Act of 1965 (20 U.S.C. 1088 et seq.) is amend-
 24 ed by inserting after section 484B (20 U.S.C. 1091b) the
 25 following:

1 **“SEC. 484C. INCENTIVE COMPENSATION PROHIBITED.**

2 “(a) PROHIBITION.—No institution of higher edu-
3 cation participating in a program under this title shall
4 make any payment of a commission, bonus, or other incen-
5 tive, non-salary payment, based directly on success in se-
6 curing enrollments or financial aid, to any person or entity
7 directly engaged in student recruiting or admission activi-
8 ties, or making decisions regarding the award of student
9 financial assistance, except that this section shall not
10 apply to the recruitment of foreign students residing in
11 foreign countries who are not eligible to receive Federal
12 student assistance.

13 “(b) EXCEPTION.—Subsection (a) shall not apply to
14 any contract with any third-party service provider that has
15 no control over eligibility for admission or enrollment or
16 the awarding of financial aid at the institution of higher
17 education, if no employee of the third-party service pro-
18 vider is compensated solely on the basis of student recruit-
19 ment goals or objectives.

20 “(c) DEFINITION OF SALARY.—For purposes of sub-
21 section (a), a person shall be treated as receiving a salary
22 (and not as receiving incentive compensation) when such
23 person receives a fixed compensation that is paid regularly
24 for services and that is adjusted no more frequently than
25 every 6 months.”.

1 (b) CONFORMING AMENDMENT.—Paragraph (20) of
2 section 487(a) of the Higher Education Act of 1965 (20
3 U.S.C. 1094(a)(20)) is repealed.

4 (c) TECHNICAL AMENDMENT.—Section 487(c)(1) of
5 the Higher Education Act of 1965 (20 U.S.C. 1094(c)(1))
6 is amended by striking “paragraph (2)(B)” each place it
7 appears in subparagraphs (F) and (H) and inserting
8 “paragraph (3)(B)”.

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