

113TH CONGRESS
2D SESSION

S. 1904

To amend the eligibility requirements for funding under title IV of the
Higher Education Act of 1965.

IN THE SENATE OF THE UNITED STATES

JANUARY 9, 2014

Mr. LEE introduced the following bill; which was read twice and referred to
the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the eligibility requirements for funding under title
IV of the Higher Education Act of 1965.

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 “Higher Education Re-
5 form and Opportunity Act of 2013”.

6 **SEC. 2. AMENDMENTS TO THE HIGHER EDUCATION ACT.**

7 (a) DEFINITION OF INSTITUTION OF HIGHER EDU-
8 CATION.—Section 102(a) of the Higher Education Act of
9 1965 (20 U.S.C. 1002(a)) is amended—

1 (1) by redesignating paragraphs (5) and (6) as
2 paragraphs (6) and (7), respectively;

3 (2) in paragraph (1), in the matter preceding
4 subparagraph (A), by striking “Subject to para-
5 graphs (2) through (4)” and inserting “Subject to
6 paragraphs (2) through (5)”;

7 (3) in paragraph (1)—

8 (A) by redesignating subparagraphs (B)
9 and (C) as subparagraphs (C) and (D), respec-
10 tively; and

11 (B) by inserting after subparagraph (A)
12 the following:

13 “(B) if accredited by an authorized accred-
14 itation authority in a State that has an alter-
15 native accreditation agreement with the Sec-
16 retary, as described in paragraph (5)—

17 “(i) an institution that provides post-
18 secondary education;

19 “(ii) a postsecondary apprenticeship
20 program; or

21 “(iii) a postsecondary education
22 course or program provided by an institu-
23 tion of postsecondary education, a non-
24 profit organization, or a for-profit organi-
25 zation or business;”; and

(4) by inserting after paragraph (4), the following:

“(5) STATE ALTERNATIVE ACCREDITATION.—

“(A) IN GENERAL.—Notwithstanding any other provision of law, a State may establish an alternative accreditation system for the purpose of establishing institutions that provide postsecondary education and postsecondary education courses or programs as eligible for funding under title IV if the State enters into an agreement with the Secretary for the establishment of the alternative accreditation system. Such institutions, courses, or programs may include—

“(i) institutions that provide postsecondary education;

“(ii) postsecondary apprenticeship programs;

“(iii) any other postsecondary education course or program offered at an institution of postsecondary education, a nonprofit organization, or a for-profit organization or business; and

“(iv) any of the entities described in clauses (i) through (iii) that do not award a postsecondary certification, credential, or

1 degree, provided that such entity provides
2 credit that will apply toward a postsec-
3 ondary certification, credential, or degree.

4 “(B) ALTERNATIVE ACCREDITATION
5 AGREEMENT.—The alternative accreditation
6 agreement described in subparagraph (A) shall
7 include the following:

8 “(i) The designation of one or more
9 authorized accrediting entities within the
10 State, such as the State Department of
11 Education, another State agency, an indus-
12 try-specific accrediting agency, or another
13 entity, and an explanation of the process
14 through which the State will select such
15 authorized accrediting entities.

16 “(ii) The standards or criteria that an
17 institution that provides postsecondary
18 education and a postsecondary education
19 course or program must meet in order to—

20 “(I) receive an initial accredita-
21 tion as part of the alternative accredi-
22 tation system; and

23 “(II) maintain such accredita-
24 tion.

1 “(iii) A description of the appeals
2 process through which an institution that
3 provides postsecondary education and a
4 postsecondary education course or program
5 may appeal to an authorized accrediting
6 entity if such institution, course, or pro-
7 gram is denied accreditation under the
8 State alternative accreditation system.

9 “(iv) Each authorized accrediting en-
10 tity’s policy regarding the transfer of cred-
11 its between institutions that provide post-
12 secondary education and postsecondary
13 education courses or programs within the
14 State that are accredited as part of the al-
15 ternative accreditation system.

16 “(v) The Secretary’s reporting re-
17 quirements for the State regarding the
18 State alternative accreditation system, in-
19 cluding—

20 “(I) the contents of reports that
21 must be submitted to the Secretary,
22 which may include information such
23 as—

24 “(aa) in the case of a post-
25 secondary education course or

1 program that is accredited
2 through the State alternative ac-
3 creditation system—

4 “(AA) the number and
5 percentage of students who
6 successfully complete each
7 such postsecondary edu-
8 cation course or program;
9 and

10 “(BB) the number and
11 percentage of students who
12 successfully obtain a post-
13 secondary certification, cre-
14 dential, or degree using
15 credit obtained from each
16 such postsecondary edu-
17 cation course or program;
18 and

19 “(bb) in the case of an insti-
20 tution that provides postsec-
21 ondary education that is accred-
22 ited through the State alternative
23 accreditation system—

24 “(AA) the number and
25 percentage of students who

1 successfully obtain a post-
2 secondary certification, cre-
3 dential, or degree from such
4 institution; and

5 “(BB) the number and
6 percentage of students who
7 do not successfully obtain a
8 postsecondary certification,
9 credential, or degree from
10 such institution but do ob-
11 tain credit from such insti-
12 tution toward a postsec-
13 ondary degree, credential, or
14 certification;

15 “(II) the frequency with which
16 such reports must be submitted to the
17 Secretary; and

18 “(III) any requirements for third
19 party verification of information con-
20 tained in such reports.

21 “(vi) The State policy regarding pub-
22 lic accessibility to certain information re-
23 lating to institutions that provide postsec-
24 ondary education and postsecondary edu-
25 cation courses and programs accredited

1 under the State alternative accreditation
2 system, including—

3 “(I) the information described in
4 subclause (I) of clause (v); and

5 “(II) information about the rates
6 of job placement for individuals that
7 have graduated from an institution or
8 completed a course or program that is
9 accredited under the State alternative
10 accreditation system.

11 “(vii) An assurance by the State that
12 under the State alternative accreditation
13 system, only institutions that provide post-
14 secondary education and postsecondary
15 education courses or programs that provide
16 credits toward a postsecondary certifi-
17 cation, credential, or degree (as defined by
18 the State in accordance with clause (viii))
19 will be accredited.

20 “(viii) The State’s definition of a
21 postsecondary certification, credential, or
22 degree, as such term applies to the require-
23 ment described in clause (vii).

24 “(ix) A description of the agreements
25 that the State will enter into with institu-

tions that provide postsecondary education and postsecondary education courses or programs that are accredited under the alternative accreditation system to enable such institutions, courses, or programs to be eligible under a program authorized under title IV, for participation in the direct student loan program, and for the origination of loans under part D of title IV, and how such agreements will operate in lieu of the agreements described in sections 487 and 454.

“(x) A description of how the State will select institutions that provide postsecondary education and postsecondary education courses or programs that are accredited under the alternative accreditation system, in lieu of the selection process described in section 453, for—

“(I) participation in the direct student loan program under part D of title IV; and

“(II) approval allowing such institution, program, or course to origi-

1 nate direct loans under part D of title
2 IV.

3 “(xi) A description of how the State
4 will administer title IV funds for institu-
5 tions that provide postsecondary education,
6 postsecondary apprenticeship programs,
7 and postsecondary education courses or
8 programs provided by an institution of
9 postsecondary education, a nonprofit orga-
10 nization, or a for-profit organization or
11 business that are accredited through the
12 alternative accreditation system.

13 “(C) ADMINISTRATIVE COSTS FOR PELL
14 GRANT STUDENTS.—

15 “(i) PELL GRANTS ADMINISTERED BY
16 ENTITIES.—In the case of an institution
17 that provides postsecondary education, a
18 postsecondary apprenticeship program, or
19 an entity that provides a postsecondary
20 education course or program that is ac-
21 credited through the alternative accredita-
22 tion system and that will administer the
23 Federal Pell Grant, Federal Perkins Loan,
24 Federal Work-Study, and Federal Supple-
25 mental Educational Opportunity Grants in

1 accordance with the agreement described
2 in subparagraph (B)(xi), the Secretary
3 shall, in lieu of carrying out section 690.10
4 of title 34, Code of Federal Regulations,
5 and subject to available appropriations,
6 pay \$5.00 to the institution, apprenticeship
7 program, or entity, as the case may be, for
8 each student who receives a Federal Pell
9 Grant at that institution, apprenticeship
10 program, or entity for an award year.

11 “(ii) PELL GRANTS ADMINISTERED BY
12 STATES.—In the case of an institution that
13 provides postsecondary education, a post-
14 secondary apprenticeship program, or an
15 entity that provides a postsecondary edu-
16 cation course or program that is accredited
17 through the alternative accreditation sys-
18 tem and will not administer the Federal
19 Pell Grant, Federal Perkins Loan, Federal
20 Work-Study, and Federal Supplemental
21 Educational Opportunity Grants, but will
22 have such programs administered by the
23 State in accordance with the agreement de-
24 scribed in subparagraph (B)(xi), the Sec-
25 retary shall, in lieu of carrying out section

690.10 of title 34, Code of Federal Regulations, and subject to available appropriations, pay \$5.00 to the State for each student who receives a Federal Pell Grant at that institution, apprenticeship program, or entity, as the case may be, for an award year.

“(iii) USE OF FUNDS.—All funds that an institution, apprenticeship program, entity, or the State receives under this subparagraph shall be used solely to pay the cost of—

“(I) administering the Federal Pell Grant, Federal Perkins Loan, Federal Work-Study, and Federal Supplemental Educational Opportunity Grants; and

“(II) carrying out the reporting requirements described under subparagraph (B)(v).

“(iv) FINANCIAL AID SERVICES.—If an institution, apprenticeship program, or entity described in this subparagraph enrolls a significant number of students who are attending less-than-full-time or are

1 independent students, such institution, ap-
 2 prenticeship program, entity, or the State,
 3 as the case may be, shall use a reasonable
 4 proportion of the funds provided under this
 5 subparagraph to make financial aid serv-
 6 ices available during times and in places
 7 that will most effectively accommodate the
 8 needs of those students.”.

9 (b) TITLE IV ELIGIBILITY REQUIREMENTS.—Part G
 10 of title IV of the Higher Education Act of 1965 (20 U.S.C.
 11 1088 et seq.) is amended by adding at the end the fol-
 12 lowing:

13 **“SEC. 493E. STATE ACCREDITED INSTITUTIONS, PRO-**
 14 **GRAMS, OR COURSES.**

15 “Notwithstanding any other provision of law, an in-
 16 stitution, program, or course that is eligible for funds
 17 under this title in accordance with section 102(a)(1)(B)
 18 and meets the requirements of section 102(a)(5) shall not
 19 be required to meet any other requirements of this title.
 20 For purposes of this title, such an institution, program,
 21 or course shall be deemed to be an eligible institution that
 22 meets the requirements of section 487.”.

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