

115TH CONGRESS
1ST SESSION

H. R. 4274

To amend the Higher Education Act of 1965 to provide for accreditation reform, to require institutions of higher education to publish information regarding student success, to provide for fiscal accountability, and to provide for school accountability for student loans.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 2017

Mr. DeSANTIS (for himself, Mr. DUNN, Mr. MEADOWS, Mr. WALKER, Mr. LABRADOR, Mr. PERRY, Mr. BRAT, Mr. YOHO, Mr. BUDD, Mr. NORMAN, Mr. LOUDERMILK, Mr. WEBSTER of Florida, Mr. FRANCIS ROONEY of Florida, Mr. GOHMERT, Mr. PALAZZO, Mr. WEBER of Texas, Mr. FARENTHOLD, and Mr. BUCK) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965 to provide for accreditation reform, to require institutions of higher education to publish information regarding student success, to provide for fiscal accountability, and to provide for school accountability for student loans.

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 2017”.

TITLE I—ACCREDITATION REFORM

SEC. 101. ACCREDITATION REFORM.

(a) DEFINITION OF INSTITUTION OF HIGHER EDUCATION.—Section 102(a) of the Higher Education Act of 1965 (20 U.S.C. 1002(a)) is amended—

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

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

(3) in paragraph (1)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively; and

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

“(B) if accredited by an authorized accreditation authority in a State that has an alternative accreditation agreement with the Secretary, as described in paragraph (5)—

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

1 “(ii) a postsecondary apprenticeship
2 program; or

3 “(iii) a postsecondary education
4 course or program provided by an institu-
5 tion of postsecondary education, a non-
6 profit organization, or a for-profit organi-
7 zation or business;”; and

8 (4) by inserting after paragraph (4), the fol-
9 lowing:

10 “(5) STATE ALTERNATIVE ACCREDITATION.—

11 “(A) IN GENERAL.—Notwithstanding any
12 other provision of law, a State may establish an
13 alternative accreditation system for the purpose
14 of establishing institutions that provide postsec-
15 ondary education and postsecondary education
16 courses or programs as eligible for funding
17 under title IV if the State enters into an agree-
18 ment with the Secretary for the establishment
19 of the alternative accreditation system. Such in-
20 stitutions, courses, or programs may include—

21 “(i) institutions that provide postsec-
22 ondary education;

23 “(ii) postsecondary apprenticeship
24 programs;

1 “(iii) any other postsecondary edu-
2 cation course or program offered at an in-
3 stitution of postsecondary education, a
4 nonprofit organization, or a for-profit orga-
5 nization or business; and

6 “(iv) any of the entities described in
7 clauses (i) through (iii) that do not award
8 a postsecondary certification, credential, or
9 degree, provided that such entity provides
10 credit that will apply toward a postsec-
11 ondary certification, credential, or degree.

12 “(B) ALTERNATIVE ACCREDITATION
13 AGREEMENT.—The alternative accreditation
14 agreement described in subparagraph (A) shall
15 include the following:

16 “(i) The designation of one or more
17 authorized accrediting entities within the
18 State, such as the State Department of
19 Education, another State agency, an indus-
20 try-specific accrediting agency, or another
21 entity, and an explanation of the process
22 through which the State will select such
23 authorized accrediting entities.

24 “(ii) The standards or criteria that an
25 institution that provides postsecondary

1 education and a postsecondary education
2 course or program must meet in order to—

3 “(I) receive an initial accredita-
4 tion as part of the alternative accredi-
5 tation system; and

6 “(II) maintain such accredita-
7 tion.

8 “(iii) A description of the appeals
9 process through which an institution that
10 provides postsecondary education and a
11 postsecondary education course or program
12 may appeal to an authorized accrediting
13 entity if such institution, course, or pro-
14 gram is denied accreditation under the
15 State alternative accreditation system.

16 “(iv) Each authorized accrediting en-
17 tity’s policy regarding the transfer of cred-
18 its between institutions that provide post-
19 secondary education and postsecondary
20 education courses or programs within the
21 State that are accredited as part of the al-
22 ternative accreditation system.

23 “(v) The Secretary’s reporting re-
24 quirements for the State regarding the

1 State alternative accreditation system, in-
2 cluding—

3 “(I) the contents of reports that
4 must be submitted to the Secretary,
5 which may include information such
6 as—

7 “(aa) in the case of a post-
8 secondary education course or
9 program that is accredited
10 through the State alternative ac-
11 creditation system—

12 “(AA) the number and
13 percentage of students who
14 successfully complete each
15 such postsecondary edu-
16 cation course or program;
17 and

18 “(BB) the number and
19 percentage of students who
20 successfully obtain a post-
21 secondary certification, cre-
22 dential, or degree using
23 credit obtained from each
24 such postsecondary edu-

1 cation course or program;
2 and

3 “(bb) in the case of an insti-
4 tution that provides postsec-
5 ondary education that is accred-
6 ited through the State alternative
7 accreditation system—

8 “(AA) the number and
9 percentage of students who
10 successfully obtain a post-
11 secondary certification, cre-
12 dential, or degree from such
13 institution; and

14 “(BB) the number and
15 percentage of students who
16 do not successfully obtain a
17 postsecondary certification,
18 credential, or degree from
19 such institution but do ob-
20 tain credit from such insti-
21 tution toward a postsec-
22 ondary degree, credential, or
23 certification;

1 “(II) the frequency with which
2 such reports must be submitted to the
3 Secretary; and

4 “(III) any requirements for third
5 party verification of information con-
6 tained in such reports.

7 “(vi) The State policy regarding pub-
8 lic accessibility to certain information re-
9 lating to institutions that provide postsec-
10 ondary education and postsecondary edu-
11 cation courses and programs accredited
12 under the State alternative accreditation
13 system, including—

14 “(I) the information described in
15 clause (v)(I); and

16 “(II) information about the rates
17 of job placement for individuals that
18 have graduated from an institution or
19 completed a course or program that is
20 accredited under the State alternative
21 accreditation system, if available.

22 “(vii) An assurance by the State that
23 under the State alternative accreditation
24 system, only institutions that provide post-
25 secondary education and postsecondary

1 education courses or programs that provide
2 credits toward a postsecondary certifi-
3 cation, credential, or degree (as defined by
4 the State in accordance with clause (viii))
5 will be accredited.

6 “(viii) The State’s definition of a
7 postsecondary certification, credential, or
8 degree, as such term applies to the require-
9 ment described in clause (vii).

10 “(ix) A description of the agreements
11 that the State will enter into with institu-
12 tions that provide postsecondary education
13 and postsecondary education courses or
14 programs that are accredited under the al-
15 ternative accreditation system to enable
16 such institutions, courses, or programs to
17 be eligible under a program authorized
18 under title IV, for participation in the di-
19 rect student loan program, and for the
20 origination of loans under part D of title
21 IV, and how such agreements will operate
22 in lieu of the agreements described in sec-
23 tions 487 and 454.

24 “(x) A description of how the State
25 will select institutions that provide postsec-

1 ondary education and postsecondary edu-
2 cation courses or programs that are ac-
3 credited under the alternative accreditation
4 system, in lieu of the selection process de-
5 scribed in section 453, for—

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

9 “(II) approval allowing such in-
10 stitution, program, or course to origi-
11 nate direct loans under part D of title
12 IV.

13 “(xi) A description of how the State
14 will administer title IV funds for institu-
15 tions that provide postsecondary education,
16 postsecondary apprenticeship programs,
17 and postsecondary education courses or
18 programs provided by an institution of
19 postsecondary education, a nonprofit orga-
20 nization, or a for-profit organization or
21 business that are accredited through the
22 alternative accreditation system.

23 “(C) DENIAL OF AGREEMENT.—If the Sec-
24 retary decides not to enter into an agreement
25 with a State for the establishment of an alter-

1 native accreditation system in the State pursu-
2 ant to this paragraph, the Secretary shall sub-
3 mit a list of the reasons for such decision to the
4 State.

5 “(D) TIME LIMIT.—Each agreement the
6 Secretary enters into for the establishment of
7 an alternative accreditation system in a State
8 shall be for a period of 10 years.”.

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.”.

1 **TITLE II—TRANSPARENCY IN**
2 **HIGHER EDUCATION**

3 **SEC. 201. TIME FOR TRANSPARENCY IN HIGHER EDU-**
4 **CATION.**

5 (a) IN GENERAL.—Title IV of the Higher Education
6 Act of 1965 (20 U.S.C. 1070 et seq.) is amended—

7 (1) in section 487(a), by adding at the end the
8 following:

9 “(30) The institution will publish information
10 in compliance with section 493F.”; and

11 (2) in part G, as amended by section 101, by
12 adding at the end the following:

13 **“SEC. 493F. INSTITUTIONAL PUBLICATION OF INFORMA-**
14 **TION.**

15 “(a) PUBLICATION OF INFORMATION.—

16 “(1) IN GENERAL.—Each institution of higher
17 education participating in a program under this title
18 shall publish, on an annual basis and in a readily ac-
19 cessible format (including online and in an alter-
20 native format), the information described in para-
21 graphs (2) and (3).

22 “(2) INFORMATION.—Each institution of higher
23 education described in paragraph (1) shall publish,
24 with respect to the institution as a whole and with
25 respect to each program of study offered by the in-

stitution, the following information for the most recent fiscal year for which the information is available:

“(A) For each of the following, the percentage and number of students enrolled at the institution or in the program of study, as applicable, who receive the following:

“(i) Federal grant aid, including Federal Pell Grants under subpart 1 of part A, Federal Supplemental Educational Opportunity Grants under subpart 3 of part A, or any other Federal postsecondary education grant aid or subsidy.

“(ii) Federal student loans, including Federal Direct Stafford Loans, Federal Direct Unsubsidized Stafford Loans, Federal Direct PLUS Loans, and Federal Perkins Loans.

“(iii) State grant aid.

“(iv) Institutional grants.

“(v) A student loan from a State.

“(vi) A student loan from another source.

“(B) Student body enrollment status, including as a—

- 1 “(i) first-time, full-time student;
2 “(ii) first-time, part-time student;
3 “(iii) non-first-time, full-time student;
4 and
5 “(iv) non-first-time, part-time student.
6 “(C) An alumni report that includes the
7 following:
8 “(i) The percentage of students who
9 do not complete the program of study the
10 student initially started upon enrollment.
11 “(ii) The percentage of students who
12 transfer.
13 “(iii) The percentage of students who
14 complete the program of study the student
15 initially started upon enrollment.
16 “(iv) The average length of time for a
17 student to complete the program of study.
18 “(v) The percentage of students who
19 continue on to higher levels of education.
20 “(vi) The percentage of students who
21 are employed, disaggregated by program of
22 study.
23 “(vii) The number and percentage of
24 alumni contacted for such report.

1 “(viii) The response rate of alumni
2 contacted for such report.

3 “(3) PUBLICATION OF DEFAULT AND NON-
4 REPAYMENT RATES.—In addition to the information
5 described in paragraph (2), each institution of high-
6 er education described in paragraph (1) shall pub-
7 lish, with respect to the institution as a whole and
8 with respect to each program of study offered by the
9 institution, the following information for the most
10 recent fiscal year for which the information is avail-
11 able:

12 “(A) The average amount of total Federal
13 student loan debt accrued upon graduation.

14 “(B) The average amount of total Federal
15 student loan debt accrued by students who
16 leave the institution without having graduated.

17 “(C) Federal student loan default rate.

18 “(D) Federal student loan non-repayment
19 rate.

20 “(E) Default and non-repayment rate, in-
21 cluding as a—

22 “(i) first-time, full-time student;

23 “(ii) first-time, part-time student;

24 “(iii) non-first-time, full-time student;

25 and

1 “(iv) non-first-time, part-time student.

2 “(F) Default and non-repayment rate, of—

3 “(i) students who complete a program
4 of study;

5 “(ii) students who transfer; and

6 “(iii) students who do not complete a
7 program of study.

8 “(b) PRIVACY.—

9 “(1) COMPLIANCE WITH FERPA.—In carrying
10 out this section, an institution of higher education
11 and any personnel of the institution shall not share
12 any personally identifiable information and shall act
13 in accordance with section 444 of the General Edu-
14 cation Provisions Act (20 U.S.C. 1232g, commonly
15 known as the ‘Family Educational Rights and Pri-
16 vacy Act of 1974’).

17 “(2) PROHIBITION ON USE OF INFORMATION.—

18 Information published pursuant to this section shall
19 not be used—

20 “(A) by a Federal employee, agency, or of-
21 ficer, or an institution of higher education to
22 take action against an individual; and

23 “(B) in legal processes or admitted as evi-
24 dence in any judicial or administrative pro-
25 ceeding.

1 “(3) PENALTIES.—The Secretary shall establish
2 penalties for a violation of paragraph (1) or (2) that
3 includes both a monetary fine and up to 5 years in
4 prison.

5 “(4) AUDITS.—In carrying out this section, the
6 State in which the institution of higher education is
7 located shall contract with an independent third
8 party to conduct audits of the publication of infor-
9 mation described in subsection (a)(1) to ensure qual-
10 ity, validity, reliability, and compliance with all Fed-
11 eral standards of data quality and individual privacy.

12 “(c) RULE OF CONSTRUCTION.—Nothing in this sec-
13 tion shall be construed to authorize or permit the Sec-
14 retary or any employee or contractor of the Department
15 to mandate, direct, or control the selection of practices or
16 curriculum by an institution of higher education.”.

17 (b) GAO REPORT.—

18 (1) STUDY.—The Comptroller General of the
19 United States shall conduct a study that compiles all
20 the institutional publication of information pursuant
21 to section 493F of the Higher Education Act of
22 1965.

23 (2) REPORT.—Not later than October 1 of the
24 fourth fiscal year after the date of enactment of this
25 Act, the Comptroller General of the United States

1 shall submit a report containing the results of the
2 study under paragraph (1) to the appropriate com-
3 mittees of Congress.

4 **TITLE III—FISCAL** 5 **ACCOUNTABILITY**

6 **SEC. 301. PHASING OUT LOAN FORGIVENESS.**

7 The Higher Education Act of 1965 (20 U.S.C. 1001
8 et seq.) is amended—

9 (1) in section 455—

10 (A) in subsection (d), by adding at the end
11 the following:

12 “(6) ELIMINATION OF LOAN FORGIVENESS.—

13 Notwithstanding any other provision of this Act,
14 with respect to any loan made on or after 6 months
15 after the date of enactment of the Higher Education
16 Reform and Opportunity Act of 2017, the Secretary
17 may not repay or cancel any outstanding balance of
18 principal and interest due on the loan for the bor-
19 rower of the loan pursuant to this subsection.”;

20 (B) in subsection (e), by adding at the end
21 the following:

22 “(8) ELIMINATION OF LOAN FORGIVENESS.—

23 Notwithstanding any other provision of this Act,
24 with respect to any loan made on or after 6 months
25 after the date of enactment of the Higher Education

1 Reform and Opportunity Act of 2017, the Secretary
2 may not repay or cancel any outstanding balance of
3 principal and interest due on the loan for the bor-
4 rower of the loan pursuant to this subsection.”; and

5 (C) in subsection (m), by adding at the
6 end the following:

7 “(5) ELIMINATION OF LOAN FORGIVENESS.—
8 Notwithstanding any other provision of this Act,
9 with respect to any loan made on or after 6 months
10 after the date of enactment of the Higher Education
11 Reform and Opportunity Act of 2017, the Secretary
12 may not cancel any outstanding balance of principal
13 and interest due on the loan for the borrower of the
14 loan pursuant to this subsection.”; and

15 (2) in section 493C, by adding at the end the
16 following:

17 “(f) ELIMINATION OF LOAN FORGIVENESS.—Not-
18 withstanding any other provision of this Act, with respect
19 to any loan made on or after 6 months after the date of
20 enactment of the Higher Education Reform and Oppor-
21 tunity Act of 2017, the Secretary may not repay or cancel
22 any outstanding balance of principal and interest due on
23 the loan for the borrower of the loan pursuant to this sec-
24 tion.”.

1 **TITLE IV—SCHOOL ACCOUNT-**
2 **ABILITY FOR STUDENT**
3 **LOANS**

4 **SEC. 401. SCHOOL ACCOUNTABILITY FOR STUDENT LOANS.**

5 Section 487 of the Higher Education Act of 1965 (20
6 U.S.C. 1094), as amended by section 201, is further
7 amended—

8 (1) in subsection (a), by adding at the end the
9 following:

10 “(31) The institution will pay a default rate
11 fine that is determined pursuant to subsection (k).”;
12 and

13 (2) by adding at the end the following:

14 “(k) DEFAULT RATE FINE.—

15 “(1) IN GENERAL.—Each institution described
16 in paragraph (2) shall pay to the Secretary a default
17 rate fine in accordance with this subsection.

18 “(2) APPLICABLE INSTITUTIONS.—An institu-
19 tion shall pay a default rate fine under this sub-
20 section for a fiscal year based on the cohort default
21 rate on loans made, insured, or guaranteed under
22 this title for such fiscal year.

23 “(3) FINE.—

24 “(A) IN GENERAL.—Each institution de-
25 scribed in paragraph (2) shall pay a default

1 rate fine for a fiscal year that is equal to 10
2 percent of the applicable amount determined
3 under subparagraph (B) for such fiscal year.

4 “(B) APPLICABLE AMOUNT.—The applica-
5 ble amount for a fiscal year with respect to an
6 institution shall be an amount equal to the dif-
7 ference between—

8 “(i) the amount of defaulted loans
9 made, insured, or guaranteed under this
10 title for such fiscal year; and

11 “(ii) the amount that is equal to the
12 product of the average rate of total unem-
13 ployment in the United States for such fis-
14 cal year, as determined by the Secretary of
15 Labor, and the amount described in clause
16 (i).

17 “(4) CREDIT FOR CERTAIN INSTITUTIONS.—

18 Each institution that is described in paragraph (2)
19 shall receive a \$400 credit for the fiscal year for
20 each graduate of the institution during such fiscal
21 year who received a Federal Pell Grant while en-
22 rolled at the institution.

23 “(5) FLEXIBILITY IN COUNSEL AND ADVICE.—

24 Notwithstanding any other provision of the Act, the
25 Secretary shall grant institutions of higher education

1 flexibility under this Act to counsel and advise stu-
2 dents on Federal financial aid, including granting
3 flexibility for institutions to award less than the
4 maximum amount of Federal student aid for which
5 an individual is eligible if the cost of tuition, room,
6 and board at the institution is less than such max-
7 imum amount.”.

○