

113TH CONGRESS  
2D SESSION

# S. 1904

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

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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

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## 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

1 (4) by inserting after paragraph (4), the fol-  
2 lowing:

3 “(5) STATE ALTERNATIVE ACCREDITATION.—

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

14 “(i) institutions that provide postsec-  
15 ondary education;

16 “(ii) postsecondary apprenticeship  
17 programs;

18 “(iii) any other postsecondary edu-  
19 cation course or program offered at an in-  
20 stitution of postsecondary education, a  
21 nonprofit organization, or a for-profit orga-  
22 nization or business; and

23 “(iv) any of the entities described in  
24 clauses (i) through (iii) that do not award  
25 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-

1 tions that provide postsecondary education  
2 and postsecondary education courses or  
3 programs that are accredited under the al-  
4 ternative accreditation system to enable  
5 such institutions, courses, or programs to  
6 be eligible under a program authorized  
7 under title IV, for participation in the di-  
8 rect student loan program, and for the  
9 origination of loans under part D of title  
10 IV, and how such agreements will operate  
11 in lieu of the agreements described in sec-  
12 tions 487 and 454.

13 “(x) A description of how the State  
14 will select institutions that provide postsec-  
15 ondary education and postsecondary edu-  
16 cation courses or programs that are ac-  
17 credited under the alternative accreditation  
18 system, in lieu of the selection process de-  
19 scribed in section 453, for—

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

23 “(II) approval allowing such in-  
24 stitution, 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

1 690.10 of title 34, Code of Federal Regula-  
2 tions, and subject to available appropria-  
3 tions, pay \$5.00 to the State for each stu-  
4 dent who receives a Federal Pell Grant at  
5 that institution, apprenticeship program,  
6 or entity, as the case may be, for an award  
7 year.

8 “(iii) USE OF FUNDS.—All funds that  
9 an institution, apprenticeship program, en-  
10 tity, or the State receives under this sub-  
11 paragraph shall be used solely to pay the  
12 cost of—

13 “(I) administering the Federal  
14 Pell Grant, Federal Perkins Loan,  
15 Federal Work-Study, and Federal  
16 Supplemental Educational Oppor-  
17 tunity Grants; and

18 “(II) carrying out the reporting  
19 requirements described under sub-  
20 paragraph (B)(v).

21 “(iv) FINANCIAL AID SERVICES.—If  
22 an institution, apprenticeship program, or  
23 entity described in this subparagraph en-  
24 rolls a significant number of students who  
25 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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