

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3136

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## AN ACT

To establish a demonstration program for competency-based  
education.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Advancing Com-  
3 petency-Based Education Demonstration Project Act of  
4 2014”.

5 **SEC. 2. COMPETENCY-BASED EDUCATION DEMONSTRATION**  
6 **PROJECTS.**

7 (a) PROJECTS.—Part G of title IV of the Higher  
8 Education Act of 1965 (20 U.S.C. 1088 et seq.) is amend-  
9 ed by inserting after section 486A the following:

10 **“SEC. 486B. COMPETENCY-BASED EDUCATION DEMONSTRA-**  
11 **TION PROJECTS.**

12 “(a) DEMONSTRATION PROJECTS AUTHORIZED.—  
13 The Secretary shall select, in accordance with subsection  
14 (c), eligible entities to voluntarily carry out competency-  
15 based education demonstration projects and receive waiv-  
16 ers described in subsection (d) to carry out such projects.

17 “(b) APPLICATION.—

18 “(1) IN GENERAL.—Each eligible entity desir-  
19 ing to carry out a demonstration project under this  
20 section shall submit an application to the Secretary,  
21 at such time and in such manner as the Secretary  
22 may require.

23 “(2) OUTREACH.—The Secretary shall, prior to  
24 any deadline to submit applications under paragraph  
25 (1), conduct outreach to historically Black colleges  
26 and universities, Hispanic-serving institutions, Na-

1       tive American-serving, nontribal institutions, institu-  
2       tions serving students with special needs, and insti-  
3       tutions located in rural areas to provide those insti-  
4       tutions with information on the opportunity to apply  
5       to carry out a demonstration project under this sec-  
6       tion.

7               “(3) AMENDMENTS.—

8               “(A) IN GENERAL.—An eligible entity that  
9       has been selected to carry out a demonstration  
10      project under this section may submit to the  
11      Secretary amendments to the eligible entity’s  
12      approved application under paragraph (1), at  
13      such time and in such manner as the Secretary  
14      may require, which the Secretary shall approve  
15      or deny within 15 days of receipt.

16              “(B) EXPANDING ENROLLMENT.—Not-  
17      withstanding the assurance required with re-  
18      spect to maximum enrollment under paragraph  
19      (3)(H)—

20              “(i) an eligible entity whose dem-  
21      onstration project has been evaluated  
22      under subsection (f)(2) not less than twice  
23      may submit to the Secretary an amend-  
24      ment to the eligible entity’s application  
25      under paragraph (1) to increase enrollment

1 in the project to more than 3,000 students,  
2 but not more than 5,000 students, and  
3 which shall specify—

4 “(I) the proposed maximum en-  
5 rollment or annual enrollment growth  
6 for the project;

7 “(II) how the eligible entity will  
8 successfully carry out the project with  
9 such maximum enrollment or enroll-  
10 ment growth; and

11 “(III) any other amendments to  
12 the eligible entity’s application under  
13 paragraph (1) that are related to such  
14 maximum enrollment or enrollment  
15 growth; and

16 “(ii) the Secretary shall determine  
17 whether to approve or deny an amendment  
18 submitted under clause (i) for a dem-  
19 onstration project based on the project’s  
20 evaluations under subsection (f)(2).

21 “(4) CONTENTS.—Each application shall in-  
22 clude—

23 “(A) a description of the competency-based  
24 education to be offered by the eligible entity  
25 under the demonstration project;

1           “(B) a description of the proposed aca-  
2           demic delivery, business, and financial models  
3           for the demonstration project, including expla-  
4           nations of how competency-based education of-  
5           fered under the demonstration project would—

6                   “(i) result in the achievement of com-  
7                   petencies;

8                   “(ii) differ from standard credit hour  
9                   approaches, in whole or in part; and

10                   “(iii) result in lower costs or short-  
11                   ened time to degree, certificate, or creden-  
12                   tial completion;

13           “(C) a description of how the competency-  
14           based education offered under the demonstra-  
15           tion project will progress a student toward com-  
16           pletion of a degree, certificate, or credential;

17           “(D) a description of how the eligible enti-  
18           ty will articulate the transcript from the com-  
19           petency-based education demonstration project  
20           to another program within an institution of  
21           higher education that is part of the eligible enti-  
22           ty or to another institution of higher education;

23           “(E) a description of the statutory and  
24           regulatory requirements described in subsection  
25           (d) for which the eligible entity is seeking a

1 waiver, and why such waiver is necessary to  
2 carry out the demonstration project;

3 “(F) a description of how the eligible enti-  
4 ty will develop and evaluate the competencies  
5 and assessments of student knowledge (which  
6 may include prior-learning assessments) admin-  
7 istered as part of the demonstration project, in-  
8 cluding how such competencies and assessments  
9 are aligned with workforce needs;

10 “(G) a description of the proposal for de-  
11 termining a student’s Federal student aid eligi-  
12 bility under this title for participating in the  
13 demonstration project, the award and distribu-  
14 tion of such aid, and safeguards to ensure that  
15 students are making satisfactory progress that  
16 warrants disbursement of such aid;

17 “(H) a description of the students to  
18 whom competency-based education will be of-  
19 fered, including an assurance that the dem-  
20 onstration project will enroll a minimum of 50  
21 and a maximum of 3,000 students;

22 “(I) an assurance that students partici-  
23 pating in the demonstration project will not be  
24 eligible for more Federal assistance under this

1 title than such students would have been eligi-  
2 ble for under a traditional program;

3 “(J) an assurance the eligible entity will  
4 identify and disseminate best practices with re-  
5 spect to the demonstration project to other eli-  
6 gible entities carrying out a demonstration  
7 project under this section; and

8 “(K) A description of the population of  
9 students served by the eligible entity that are  
10 veterans or members of the Armed Forces and  
11 how such eligible entity will, when appropriate,  
12 incorporate the specific needs of such popu-  
13 lation when carrying out the demonstration  
14 project.

15 “(c) SELECTION.—

16 “(1) IN GENERAL.—Not later than 6 months  
17 after the date of enactment of this section, the Sec-  
18 retary shall select not more than 30 eligible entities  
19 to carry out a competency-based education dem-  
20 onstration project under this section.

21 “(2) CONSIDERATIONS.—In selecting eligible  
22 entities under paragraph (1), the Secretary shall—

23 “(A) prioritize projects which show prom-  
24 ise in reducing the time or cost required to  
25 complete a degree, certificate, or credential;

1           “(B) consider the number and quality of  
2 applications received;

3           “(C) consider an eligible entity’s—

4                 “(i) ability to successfully execute the  
5 demonstration project as described in the  
6 eligible entity’s application under sub-  
7 section (b);

8                 “(ii) commitment and ability to effec-  
9 tively finance the demonstration project;

10                 “(iii) ability to provide administrative  
11 capability and the expertise to evaluate  
12 student progress based on measures other  
13 than credit hours or clock hours; and

14                 “(iv) commitment to work with the  
15 Secretary to evaluate the demonstration  
16 project and the impact of the demonstra-  
17 tion project;

18           “(D) ensure the selection of a diverse  
19 group of eligible entities with respect to size,  
20 mission, and geographic distribution of the eli-  
21 gible entities;

22           “(E) not limit the types of programs of  
23 study or courses of study approved for partici-  
24 pation in a demonstration project; and



1           “(F) not select an eligible entity that has  
2           had, for 1 of the preceding 2 fiscal years—

3                   “(i) a cohort default rate (defined in  
4                   section 435(m)) that is 30 percent or  
5                   greater; and

6                   “(ii) a borrowing rate of loans under  
7                   this title of more than 50 percent of the  
8                   students enrolled at institutions of higher  
9                   education of the eligible entity.

10          “(d) WAIVERS.—The Secretary may waive for any el-  
11          igible entity selected to carry out a demonstration project  
12          under this section any requirements of the following provi-  
13          sions of law (including any regulations promulgated under  
14          such provisions) or regulations and for which the eligible  
15          entity has provided a reason for waiving under subsection  
16          (b)(3)(E):

17                   “(1) Subparagraphs (A) and (B) of section  
18                   102(a)(3).

19                   “(2) Subsections (a) and (b) of section 481, as  
20                   such subsections relate to requirements for a min-  
21                   imum number of weeks of instruction.

22                   “(3) Section 484(l)(1).

23                   “(4) Section 668.32(a)(1)(iii) of title 34, Code  
24                   of Federal Regulations.

1           “(5) Any of the requirements under provisions  
2           in title I, part F of this title, or this part, that in-  
3           hibit the operation of competency-based education,  
4           including requirements with respect to—

5                   “(A) documenting attendance;

6                   “(B) weekly academic activity;

7                   “(C) minimum weeks of instructional time;

8                   “(D) requirements for credit hour or clock  
9           hour equivalencies;

10                  “(E) requirements for substantive inter-  
11           action with faculty; and

12                  “(F) definitions of the terms ‘academic  
13           year’, ‘full-time student’, ‘term’ (including  
14           ‘standard term’, ‘non-term’, and ‘non-standard  
15           term’), ‘satisfactory academic progress’, ‘edu-  
16           cational activity’, ‘project of study’, and ‘pay-  
17           ment period’.

18           “(e) NOTIFICATION.—Not later than 6 months after  
19           the date of enactment of this section, the Secretary shall  
20           make available to the authorizing committees and the pub-  
21           lic a list of eligible entities selected to carry out a dem-  
22           onstration project under this section, which shall include  
23           for each such eligible entity—

24                   “(1) the specific statutory and regulatory re-  
25           quirements being waived under subsection (d); and

1           “(2) a description of the competency-based edu-  
2           cation programs of study or courses of study to be  
3           offered under the project.

4           “(f) INFORMATION AND EVALUATION.—

5           “(1) INFORMATION.—

6           “(A) IN GENERAL.—Each eligible entity  
7           that carries out a demonstration project under  
8           this section shall provide to the Director of the  
9           Institute of Education Sciences with respect to  
10          the students participating in the competency-  
11          based education project carried out by the eligi-  
12          ble entity the following information:

13           “(i) The average number of credit  
14           hours the students earned prior to enroll-  
15           ment in the demonstration project, if appli-  
16           cable.

17           “(ii) The number and percentage of  
18           students participating in the demonstration  
19           project that are also enrolled in programs  
20           of study or courses of study offered in  
21           credit hours or clock hours, disaggregated  
22           by student status as a first-year, second-  
23           year, third-year, fourth-year, or other stu-  
24           dent.

1           “(iii) The average period of time be-  
2           tween the enrollment of a student in the  
3           demonstration project and the first assess-  
4           ment of student knowledge of such stu-  
5           dent.

6           “(iv) The average time to 25 percent,  
7           50 percent, 75 percent, and 100 percent of  
8           the completion of a degree, certificate, or  
9           credential by a student who participated in  
10          the demonstration project.

11          “(v) The percentage of assessments of  
12          student knowledge that students passed on  
13          the first attempt, during the period of the  
14          participation in the demonstration project  
15          by the students.

16          “(vi) The percentage of assessments  
17          of student knowledge that students passed  
18          on the second attempt and the average pe-  
19          riod of time between the first and second  
20          attempts by students, during the period of  
21          the participation in the demonstration  
22          project by the students.

23          “(vii) The average number of com-  
24          petencies a student acquired while partici-  
25          pating in the demonstration project and

1 the period of time during which the stu-  
2 dent acquired such competencies.

3 “(viii) Such other information as the  
4 Director may reasonably require.

5 “(B) EMPLOYMENT DATA.—

6 “(i) IN GENERAL.—Each eligible enti-  
7 ty that carries out a demonstration project  
8 under this section may provide to the Di-  
9 rector of the Institute of Education  
10 Sciences with respect to the students par-  
11 ticipating in the competency-based edu-  
12 cation project carried out by the eligible  
13 entity the number and percentage of stu-  
14 dents completing a competency-based edu-  
15 cation program or course of study offered  
16 by such eligible entity who find employ-  
17 ment in a field related to the program or  
18 course of study of such students.

19 “(ii) TECHNICAL ASSISTANCE.—The  
20 Director of the Institute of Education  
21 Sciences shall, at the request of an eligible  
22 entity, provide technical assistance to such  
23 eligible entity to assist such eligible entity  
24 in collecting and reporting accurate infor-  
25 mation relating to the employment of stu-

1           dents participating in a competency-based  
2           education project carried out by such eligi-  
3           ble entity.

4           “(C) DISAGGREGATION.—Each eligible en-  
5           tity shall provide the information required  
6           under subparagraph (A) disaggregated by age,  
7           race, gender, disability status, and status as a  
8           recipient of a Federal Pell Grant, provided that  
9           the disaggregation of the information does not  
10          identify any individual student participating in  
11          the demonstration project.

12          “(2) EVALUATION.—The Director of the Insti-  
13          tute of Education Sciences, in consultation with the  
14          Secretary, shall annually evaluate each demonstra-  
15          tion project under this section. Each evaluation shall  
16          include—

17                 “(A) the extent to which the eligible entity  
18                 has met the goals set forth in its application to  
19                 the Secretary;

20                 “(B) the number and types of students  
21                 participating in the competency-based education  
22                 offered under the project, including the  
23                 progress of participating students toward com-  
24                 pletion of a degree, certificate, or credential,

1 and the extent to which participation and reten-  
2 tion in such project increased;

3 “(C) whether the project led to reduced  
4 cost or time to completion of a degree, certifi-  
5 cate, or credential, and the amount of cost or  
6 time reduced for such completion;

7 “(D) obstacles related to student financial  
8 assistance for competency-based education;

9 “(E) the extent to which statutory or regu-  
10 latory requirements not waived under sub-  
11 section (d) present difficulties for students or  
12 institutions of higher education;

13 “(F) degree, certificate, or credential com-  
14 pletion rates;

15 “(G) retention rates;

16 “(H) total cost and net cost to the student  
17 of the competency-based education offered  
18 under the project;

19 “(I) a description of the assessments of  
20 student knowledge and the corresponding com-  
21 petencies; and

22 “(J) outcomes of the assessments of stu-  
23 dent knowledge.

1           “(3) ANNUAL REPORT.—The Director of the  
2 Institute of Education Sciences shall annually pro-  
3 vide to the authorizing committees a report on—

4           “(A) the evaluations of the demonstration  
5 projects required under paragraph (2);

6           “(B) the number and types of students re-  
7 ceiving assistance under this title for com-  
8 petency-based education under such projects;

9           “(C) the retention and completion rates of  
10 students participating in such projects;

11           “(D) any proposed statutory or regulatory  
12 changes designed to support and enhance the  
13 expansion of competency-based education, which  
14 may be independent of or combined with tradi-  
15 tional credit hour or clock hour projects;

16           “(E) the most effective means of delivering  
17 competency-based education through dem-  
18 onstration projects; and

19           “(F) the appropriate level and distribution  
20 methodology of Federal assistance under this  
21 title for students enrolled in competency-based  
22 education.

23           “(g) OVERSIGHT.—In carrying out this section, the  
24 Secretary shall, on a continuing basis—



1           “(1) assure compliance of eligible entities with  
2           the requirements of this title (other than the provi-  
3           sions of law and regulations that are waived under  
4           subsection (d));

5           “(2) provide technical assistance;

6           “(3) monitor fluctuations in the student popu-  
7           lation enrolled in the eligible entities carrying out  
8           the demonstration projects under this section;

9           “(4) consult with appropriate accrediting agen-  
10          cies or associations and appropriate State regulatory  
11          authorities for additional ways of improving the de-  
12          livery of competency-based education; and

13          “(5) collect and disseminate to eligible entities  
14          carrying out a demonstration project under this sec-  
15          tion, best practices with respect to demonstration  
16          projects under this section.

17          “(h) DISCLOSURE OF AUTHORIZATION TO SELL STU-  
18          DENT DATA.—An eligible entity carrying out a demonstra-  
19          tion project under this section shall ensure that each insti-  
20          tution of higher education of the eligible entity provides  
21          to each student, or the parents of each minor student, en-  
22          rolled in the institution of higher education—

23                 “(1) a disclosure letter, which describes the per-  
24                 sonally identifiable information of the student that  
25                 may be sold by a person with whom the institution

1 of higher education has an agreement to provide  
2 software applications for students; and

3 “(2) an option to opt-out of such personally  
4 identifiable information from being sold.

5 “(i) DEFINITIONS.—For the purpose of this section:

6 “(1) COMPETENCY-BASED EDUCATION.—The  
7 term ‘competency-based education’ means an edu-  
8 cational process or program that measures knowl-  
9 edge, skills, and experience through assessments of  
10 such knowledge, skills, or experience in place of or  
11 in addition to the use of credit hours or clock hours.

12 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-  
13 tity’ means—

14 “(A) an institution of higher education in-  
15 cluding an institution of higher education that  
16 offers a dual-enrollment program under which a  
17 secondary school student is able simultaneously  
18 to earn credit toward a secondary school di-  
19 ploma and a postsecondary degree, certificate,  
20 or credential;

21 “(B) a system of institutions of higher  
22 education; or

23 “(C) a consortium of institutions of higher  
24 education.

1           “(3) INSTITUTION OF HIGHER EDUCATION.—  
2           The term ‘institution of higher education’ has the  
3           meaning given the term in section 102, except that  
4           such term does not include institutions described in  
5           section 102(a)(1)(C).”.

6           (b) RULE OF CONSTRUCTION.—Nothing in this Act  
7           or the amendments made by this Act shall be construed  
8           to alter the authority of the Secretary of Education to es-  
9           tablish experimental sites under any other provision of  
10          law.

11          (c) REPORT.—The Secretary of Education shall re-  
12          port to Congress, every 10 years, on the needs of limited  
13          English proficient students using the Free Application for  
14          Federal Student Aid.

15          (d) FUNDING.—

16               (1) USE OF EXISTING FUNDS.—Of the amount  
17               authorized to be appropriated for salaries and ex-  
18               penses of the Department of Education, \$1,000,000  
19               shall be available to carry out this Act and the  
20               amendments made by this Act.

21               (2) NO ADDITIONAL FUNDS AUTHORIZED.—No  
22               funds are authorized to be appropriated by this Act  
23               to carry out this Act or the amendments made by  
24               this Act.

1 **SEC. 3. HIGHER EDUCATION REGULATORY REFORM TASK**  
2 **FORCE.**

3 (a) TASK FORCE ESTABLISHED.—Not later than 2  
4 months after the date of enactment of this Act, the Sec-  
5 retary of Education shall establish the Higher Education  
6 Regulatory Reform Task Force.

7 (b) MEMBERSHIP.—The Higher Education Regu-  
8 latory Reform Task Force shall include—

9 (1) the Secretary of Education or the Sec-  
10 retary's designee;

11 (2) a representative of the Advisory Committee  
12 on Student Financial Assistance established under  
13 section 491 of the Higher Education Act of 1965  
14 (20 U.S.C. 1098); and

15 (3) representatives from the higher education  
16 community, including—

17 (A) institutions of higher education, with  
18 equal representation of public and private non-  
19 profit institutions, and two-year and four-year  
20 institutions, and with not less than 25 percent  
21 of such representative institutions carrying out  
22 distance education programs; and

23 (B) nonprofit organizations representing  
24 institutions of higher education.

25 (c) ACTIVITIES.—

1           (1) REPORT REQUIRED.—Not later than 6  
2 months after the date of enactment of this Act, the  
3 Secretary of Education shall submit to Congress and  
4 make available on a publicly available website a re-  
5 port (in this section referred to as the “Higher Edu-  
6 cation Regulatory Reform Report”) prepared by the  
7 Higher Education Regulatory Reform Task Force on  
8 Department of Education regulatory requirements  
9 for institutions of higher education described in  
10 paragraph (2).

11           (2) CONTENTS OF REPORT.—The Higher Edu-  
12 cation Regulatory Reform Report shall contain the  
13 following with respect to Department of Education  
14 regulatory requirements for institutions of higher  
15 education:

16           (A) A list of rules that are determined to  
17 be outmoded, duplicative, ineffective, or exces-  
18 sively burdensome.

19           (B) For each rule listed in accordance with  
20 subparagraph (A) and that is in effect at the  
21 time of the review under subparagraph (A), an  
22 analysis of whether the costs outweigh the bene-  
23 fits for such rule.

1 (C) Recommendations to consolidate, mod-  
2 ify, simplify, or repeal such rules to make such  
3 rules more effective or less burdensome.

4 (D) A description of the justification for  
5 and impact of the recommendations described  
6 in subparagraph (C), as appropriate and avail-  
7 able, including supporting data for such jus-  
8 tifications and the financial impact of such rec-  
9 ommendations on institutions of higher edu-  
10 cation of varying sizes and types.

11 (E) Recommendations on the establish-  
12 ment of a permanent entity to review new De-  
13 partment of Education regulatory requirements  
14 affecting institutions of higher education.

15 (3) NOTICE AND COMMENT.—At least 30 days  
16 before submission of the Higher Education Regu-  
17 latory Reform Report required under paragraph (1),  
18 the Secretary of Education shall publish the report  
19 in the Federal Register for public notice and com-  
20 ment. The Higher Education Regulatory Reform  
21 Task Force may modify the report in response to  
22 any comments received before submission of the re-  
23 port to Congress.

24 (d) DEFINITION OF INSTITUTION OF HIGHER EDU-  
25 CATION.—For the purposes of this section, the term “in-

stitution of higher education” has the meaning given such term in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002), except that such term does not include institutions described in subsection (a)(1)(C) of such section 102.

**SEC. 4. STUDY ON USE OF INDIVIDUAL INCOME TAX RETURNS AS PRIMARY APPLICATION FOR FEDERAL STUDENT AID.**

Section 483 of the Higher Education Act of 1965 (20 U.S.C. 1090) is amended by adding at the end the following new subsection:

“(i) **STUDY ON USE OF INDIVIDUAL INCOME TAX RETURNS AS PRIMARY APPLICATION FOR FEDERAL STUDENT AID.**—

“(4) **STUDY.**—The Secretary of Education, in consultation with the Commissioner of Internal Revenue, shall conduct a study on the feasibility and advantages and disadvantages of using individual income tax returns as the primary form of application for student aid under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

“(5) **REPORT.**—Not later than one year after the date of the enactment of this subsection, the Secretary, in consultation with the Commissioner,

1 shall submit to Congress a report containing the re-  
2 sults of the study conducted under subsection (a).”.

Passed the House of Representatives July 23, 2014.

Attest:

*Clerk.*





113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 3136**

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