

114TH CONGRESS  
1ST SESSION

# H. R. 747

To establish the Proprietary Education Oversight Coordination Committee.

---

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 5, 2015

Mr. CUMMINGS introduced the following bill; which was referred to the  
Committee on Education and the Workforce

---

## A BILL

To establish the Proprietary Education Oversight  
Coordination Committee.

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 “Proprietary Education  
5       Oversight Coordination Improvement Act”.

6       **SEC. 2. DEFINITIONS.**

7       In this Act:

8               (1) **EXECUTIVE OFFICER.**—The term “executive  
9       officer”, with respect to a proprietary institution of  
10       higher education that is a publicly traded corpora-  
11       tion, means—

1 (A) the president of such corporation;

2 (B) a vice president of such corporation  
3 who is in charge of a principal business unit, di-  
4 vision, or function of such corporation, such as  
5 sales, administration, or finance; or

6 (C) any other officer or person who per-  
7 forms a policy making function for such cor-  
8 poration.

9 (2) FEDERAL EDUCATION ASSISTANCE.—The  
10 term “Federal education assistance” means any  
11 Federal financial assistance provided under any Fed-  
12 eral law through a grant, a contract, a subsidy, a  
13 loan, a guarantee, an insurance, or any other means  
14 to a proprietary institution of higher education, in-  
15 cluding Federal financial assistance that is disbursed  
16 or delivered to such institution, on behalf of a stu-  
17 dent, or to a student to be used to attend such insti-  
18 tution, except that such term shall not include any  
19 monthly housing stipend provided under chapter 33  
20 of title 38, United States Code.

21 (3) PRIVATE EDUCATION LOAN.—The term  
22 “private education loan”—

23 (A) means a loan provided by a private  
24 educational lender (as defined in section 140(a)

1 of the Truth in Lending Act (15 U.S.C.  
2 1650(a)) that—

3 (i) is not made, insured, or guaran-  
4 teed under title IV of the Higher Edu-  
5 cation Act of 1965 (20 U.S.C. 1070 et  
6 seq.);

7 (ii) is issued expressly for postsec-  
8 ondary educational expenses to a borrower,  
9 regardless of whether the loan is provided  
10 through the educational institution that  
11 the subject student attends or directly to  
12 the borrower from the private educational  
13 lender (as so defined); and

14 (iii) is not made, insured, or guaran-  
15 teed under title VII or title VIII of the  
16 Public Health Service Act (42 U.S.C. 292  
17 et seq. and 296 et seq.); and

18 (B) does not include an extension of credit  
19 under an open end consumer credit plan, a re-  
20 verse mortgage transaction, a residential mort-  
21 gage transaction, or any other loan that is se-  
22 cured by real property or a dwelling.

23 (4) PROPRIETARY INSTITUTION OF HIGHER  
24 EDUCATION.—The term “proprietary institution of  
25 higher education” has the meaning given the term in

1 section 102(b) of the Higher Education Act of 1965  
2 (20 U.S.C. 1002(b)).

3 (5) RECRUITING AND MARKETING ACTIVI-  
4 TIES.—

5 (A) IN GENERAL.—Except as provided in  
6 subparagraph (B), the term “recruiting and  
7 marketing activities” means activities that con-  
8 sist of the following:

9 (i) Advertising and promotion activi-  
10 ties, including paid announcements in  
11 newspapers, magazines, radio, television,  
12 billboards, electronic media, naming rights,  
13 or any other public medium of communica-  
14 tion, including paying for displays or pro-  
15 motions at job fairs, military installations,  
16 or college recruiting events.

17 (ii) Efforts to identify and attract  
18 prospective students, either directly or  
19 through a contractor or other third party,  
20 including contact concerning a prospective  
21 student’s potential enrollment or applica-  
22 tion for a grant, a loan, or work assistance  
23 under title IV of the Higher Education Act  
24 of 1965 (20 U.S.C. 1070 et seq.) or par-

1 participation in preadmission or advising ac-  
2 tivities, including—

3 (I) paying employees responsible  
4 for overseeing enrollment and for con-  
5 tacting potential students in-person,  
6 by phone, by email, or by other inter-  
7 net communications regarding enroll-  
8 ment; and

9 (II) soliciting an individual to  
10 provide contact information to an in-  
11 stitution of higher education, includ-  
12 ing through websites established for  
13 such purpose and funds paid to third  
14 parties for such purpose.

15 (iii) Such other activities as the Sec-  
16 retary of Education may prescribe, includ-  
17 ing paying for promotion or sponsorship of  
18 education or military-related associations.

19 (B) EXCEPTIONS.—Any activity that is re-  
20 quired as a condition of receipt of funds by an  
21 institution under title IV of the Higher Edu-  
22 cation Act of 1965 (20 U.S.C. 1070 et seq.), is  
23 specifically authorized under such title, or is  
24 otherwise specified by the Secretary of Edu-  
25 cation, shall not be considered to be a recruit-

1           ing and marketing activity under subparagraph  
2           (A).

3           (6) STATE APPROVAL AGENCY.—The term  
4           “State approval agency” means any State agency  
5           that determines whether an institution of higher  
6           education is legally authorized within such State to  
7           provide a program of education beyond secondary  
8           education.

9           (7) VETERANS SERVICE ORGANIZATION.—The  
10          term “veterans service organization” means an orga-  
11          nization recognized by the Secretary of Veterans Af-  
12          fairs for the representation of veterans under section  
13          5902 of title 38, United States Code.

14 **SEC. 3. ESTABLISHMENT OF COMMITTEE.**

15          (a) ESTABLISHMENT.—There is established a com-  
16          mittee to be known as the “Proprietary Education Over-  
17          sight Coordination Committee” (referred to in this Act as  
18          the “Committee”) and to be composed of the head (or the  
19          designee of such head) of each of the following Federal  
20          entities:

21               (1) The Department of Education.

22               (2) The Consumer Financial Protection Bu-  
23          reau.

24               (3) The Department of Justice.

25               (4) The Securities and Exchange Commission.

1 (5) The Department of Defense.

2 (6) The Department of Veterans Affairs.

3 (7) The Federal Trade Commission.

4 (8) The Department of Labor.

5 (9) The Internal Revenue Service.

6 (10) At the discretion of the President, any  
7 other relevant Federal agency or department.

8 (b) PURPOSES.—The Committee shall have the fol-  
9 lowing purposes:

10 (1) Coordinate Federal oversight of proprietary  
11 institutions of higher education to—

12 (A) improve enforcement of applicable  
13 Federal laws and regulations;

14 (B) increase accountability of proprietary  
15 institutions of higher education to students and  
16 taxpayers; and

17 (C) ensure the promotion of quality edu-  
18 cation programs.

19 (2) Coordinate Federal activities to protect stu-  
20 dents from unfair, deceptive, abusive, unethical,  
21 fraudulent, or predatory practices, policies, or proce-  
22 dures of proprietary institutions of higher education.

23 (3) Encourage information sharing among  
24 agencies related to Federal investigations, audits, or

1 inquiries of proprietary institutions of higher edu-  
2 cation.

3 (4) Increase coordination and cooperation be-  
4 tween Federal and State agencies, including State  
5 Attorneys General and State approval agencies, with  
6 respect to improving oversight and accountability of  
7 proprietary institutions of higher education.

8 (5) Develop best practices and consistency  
9 among Federal and State agencies in the dissemina-  
10 tion of consumer information regarding proprietary  
11 institutions of higher education to ensure that stu-  
12 dents, parents, and other stakeholders have easy ac-  
13 cess to such information.

14 (c) MEMBERSHIP.—

15 (1) DESIGNEES.—For any designee described in  
16 subsection (a), the head of the member entity shall  
17 appoint a high-level official who exercises significant  
18 decisionmaking authority for the oversight or inves-  
19 tigatory activities and responsibilities related to pro-  
20 prietary institutions of higher education of the re-  
21 spective Federal entity of such head.

22 (2) CHAIRPERSON.—The Secretary of Edu-  
23 cation or the designee of such Secretary shall serve  
24 as the Chairperson of the Committee.



1           (3) COMMITTEE SUPPORT.—The head of each  
2           entity described in subsection (a) shall ensure appro-  
3           priate staff and officials of such entity are available  
4           to support the Committee-related work of such enti-  
5           ty.

6 **SEC. 4. MEETINGS.**

7           (a) COMMITTEE MEETINGS.—The members of the  
8           Committee shall meet regularly, but not less than once  
9           during each quarter of each fiscal year, to carry out the  
10          purposes described in section 3(b).

11          (b) MEETINGS WITH STATE AGENCIES AND STAKE-  
12          HOLDERS.—The Committee shall meet not less than once  
13          each fiscal year, and shall otherwise interact regularly,  
14          with State Attorneys General, State approval agencies,  
15          veterans service organizations, and consumer advocates to  
16          carry out the purposes described in section 3(b).

17 **SEC. 5. REPORT.**

18          (a) IN GENERAL.—The Committee shall submit a re-  
19          port each year to the Committee on Health, Education,  
20          Labor, and Pensions of the Senate, the Committee on  
21          Education and the Workforce of the House of Representa-  
22          tives, and any other committee of Congress that the Com-  
23          mittee determines appropriate.

24          (b) PUBLIC ACCESS.—The report described in sub-  
25          section (a) shall be made available to the public in a man-

1 ner that is easily accessible to parents, students, and other  
2 stakeholders, in accordance with the best practices devel-  
3 oped under section 3(b)(5).

4 (c) CONTENTS.—

5 (1) IN GENERAL.—The report shall include—

6 (A) an accounting of any action (as de-  
7 fined in paragraph (3)) taken by the Federal  
8 Government, any member entity of the Com-  
9 mittee, or a State—

10 (i) to enforce Federal or State laws  
11 and regulations applicable to proprietary  
12 institutions of higher education;

13 (ii) to hold proprietary institutions of  
14 higher education accountable to students  
15 and taxpayers; and

16 (iii) to promote quality education pro-  
17 grams;

18 (B) a summary of complaints against each  
19 proprietary institution of higher education re-  
20 ceived by any member entity of the Committee;

21 (C) the data described in paragraph (2)  
22 and any other data relevant to proprietary insti-  
23 tutions of higher education that the Committee  
24 determines appropriate; and

1 (D) recommendations of the Committee for  
2 such legislative and administrative actions as  
3 the Committee determines are necessary to—

4 (i) improve enforcement of applicable  
5 Federal laws;

6 (ii) increase accountability of propri-  
7 etary institutions of higher education to  
8 students and taxpayers; and

9 (iii) ensure the promotion of quality  
10 education programs.

11 (2) DATA.—

12 (A) INDUSTRY-WIDE DATA.—The report  
13 shall include data on all proprietary institutions  
14 of higher education that consists of information  
15 regarding—

16 (i) the total amount of Federal edu-  
17 cation assistance that proprietary institu-  
18 tions of higher education received for the  
19 previous academic year, and the percentage  
20 of the total amount of Federal education  
21 assistance provided to institutions of high-  
22 er education (as defined in section 102 of  
23 the Higher Education Act of 1965 (20  
24 U.S.C. 1002)) for such previous academic  
25 year that reflects such total amount of

1 Federal education assistance provided to  
2 proprietary institutions of higher education  
3 for such previous academic year;

4 (ii) the total amount of Federal edu-  
5 cation assistance that proprietary institu-  
6 tions of higher education received for the  
7 previous academic year, disaggregated  
8 by—

9 (I) educational assistance in the  
10 form of a loan provided under title IV  
11 of the Higher Education Act of 1965  
12 (20 U.S.C. 1070 et seq.);

13 (II) educational assistance in the  
14 form of a grant provided under title  
15 IV of the Higher Education Act of  
16 1965 (20 U.S.C. 1070 et seq.);

17 (III) educational assistance pro-  
18 vided under chapter 33 of title 38,  
19 United States Code;

20 (IV) assistance for tuition and  
21 expenses under section 2007 of title  
22 10, United States Code;

23 (V) assistance provided under  
24 section 1784a of title 10, United  
25 States Code; and

1 (VI) Federal education assistance  
2 not described in subclauses (I)  
3 through (V);

4 (iii) the percentage of the total  
5 amount of Federal education assistance  
6 provided to institutions of higher education  
7 (as defined in section 102 of the Higher  
8 Education Act of 1965 (20 U.S.C. 1002))  
9 for such previous academic year for each of  
10 the programs described in subclauses (I)  
11 through (VI) of clause (ii) that reflects  
12 such total amount of Federal education as-  
13 sistance provided to proprietary institu-  
14 tions of higher education for such previous  
15 academic year for each of such programs;

16 (iv) the average retention and gradua-  
17 tion rates for students pursuing a degree  
18 at proprietary institutions of higher edu-  
19 cation;

20 (v) the average cohort default rate (as  
21 defined in section 435(m) of the Higher  
22 Education Act of 1965 (20 U.S.C.  
23 1085(m)) for proprietary institutions of  
24 higher education, and an annual list of co-  
25 hort default rates (as so defined) for all

1           proprietary institutions of higher edu-  
2           cation;

3                   (vi) for careers requiring the passage  
4           of a licensing examination—

5                           (I) the passage rate of individ-  
6                           uals who attended a proprietary insti-  
7                           tution of higher education taking such  
8                           examination to pursue such a career;  
9                           and

10                           (II) the passage rate of all indi-  
11                           viduals taking such exam to pursue  
12                           such a career; and

13                   (vii) the use of private education loans  
14           at proprietary institutions of higher edu-  
15           cation that includes—

16                           (I) an estimate of the total num-  
17                           ber of such loans; and

18                           (II) information on the average  
19                           debt, default rate, and interest rate of  
20                           such loans.

21                   (B) DATA ON PUBLICLY TRADED COR-  
22           PORATIONS.—

23                           (i) IN GENERAL.—The report shall in-  
24                           clude data on proprietary institutions of  
25                           higher education that are publicly traded

1 corporations, consisting of information  
2 on—

3 (I) any pre-tax profit of such  
4 proprietary institutions of higher edu-  
5 cation—

6 (aa) reported as a total  
7 amount and an average percent  
8 of revenue for all such propri-  
9 etary institutions of higher edu-  
10 cation; and

11 (bb) reported for each such  
12 proprietary institution of higher  
13 education;

14 (II) revenue for such proprietary  
15 institutions of higher education spent  
16 on recruiting and marketing activities,  
17 student instruction, and student sup-  
18 port services, reported—

19 (aa) as a total amount and  
20 an average percent of revenue for  
21 all such proprietary institutions  
22 of higher education; and

23 (bb) for each such propri-  
24 etary institution of higher edu-  
25 cation;

1 (III) total compensation packages  
2 of the executive officers of each such  
3 proprietary institution of higher edu-  
4 cation;

5 (IV) a list of institutional loan  
6 programs offered by each such propri-  
7 etary institution of higher education  
8 that includes information on the de-  
9 fault and interest rates of such pro-  
10 grams; and

11 (V) the data described in clauses  
12 (ii) and (iii).

13 (ii) DISAGGREGATED BY OWNER-  
14 SHIP.—The report shall include data on  
15 proprietary institutions of higher education  
16 that are publicly traded corporations,  
17 disaggregated by corporate or parent enti-  
18 ty, brand name, and campus, consisting  
19 of—

20 (I) the total cost of attendance  
21 for each program at each such propri-  
22 etary institution of higher education,  
23 and information comparing such total  
24 cost for each such program to—



1 (aa) the total cost of attend-  
2 ance for each program at each  
3 public institution of higher edu-  
4 cation; and

5 (bb) the average total cost  
6 of attendance for each program  
7 at all institutions of higher edu-  
8 cation, including such institutions  
9 that are public and such institu-  
10 tions that are private;

11 (II) total enrollment, disaggre-  
12 gated by—

13 (aa) individuals enrolled in  
14 programs taken online; and

15 (bb) individuals enrolled in  
16 programs that are not taken on-  
17 line;

18 (III) the average retention and  
19 graduation rates for students pur-  
20 suing a degree at such proprietary in-  
21 stitutions of higher education;

22 (IV) the percentage of students  
23 enrolled in such proprietary institu-  
24 tions of higher education who com-

1           plete a program of such an institution  
2           within—

3                   (aa) the standard period of  
4                   completion for such program; and

5                   (bb) a period that is 150  
6                   percent of such standard period  
7                   of completion;

8           (V) the total cost of attendance  
9           for each program at such proprietary  
10          institutions of higher education;

11           (VI) the average cohort default  
12          rate, as defined in section 435(m) of  
13          the Higher Education Act of 1965 (20  
14          U.S.C. 1085(m)), for such proprietary  
15          institutions of higher education, and  
16          an annual list of cohort default rates  
17          (as so defined) for all proprietary in-  
18          stitutions of higher education;

19           (VII) the median educational  
20          debt incurred by students who com-  
21          plete a program at such a proprietary  
22          institution of higher education;

23           (VIII) the median educational  
24          debt incurred by students who start  
25          but do not complete a program at

1 such a proprietary institution of high-  
2 er education;

3 (IX) the job placement rate for  
4 students who complete a program at  
5 such a proprietary institution of high-  
6 er education and the type of employ-  
7 ment obtained by such students;

8 (X) for careers requiring the pas-  
9 sage of a licensing examination, the  
10 rate of individuals who attended such  
11 a proprietary institution of higher  
12 education and passed such an exam-  
13 ination; and

14 (XI) the number of complaints  
15 from students enrolled in such propri-  
16 etary institutions of higher education  
17 who have submitted a complaint to  
18 any member entity of the Committee.

19 (iii) DEPARTMENT OF DEFENSE AND  
20 VETERANS AFFAIRS ASSISTANCE.—

21 (I) IN GENERAL.—To the extent  
22 practicable, the report shall provide  
23 information on the data described in  
24 clause (ii) for individuals using, to pay  
25 for the costs of attending such a pro-

1           proprietary institution of higher edu-  
2           cation, Federal education assistance  
3           provided under—

4                   (aa) chapter 33 of title 38,  
5                   United States Code;

6                   (bb) section 2007 of title 10,  
7                   United States Code; and

8                   (cc) section 1784a of title  
9                   10, United States Code.

10           (II) REVENUE.—The report shall  
11           provide information on the revenue of  
12           proprietary institutions of higher edu-  
13           cation that are publicly traded cor-  
14           porations that is derived from the  
15           Federal education assistance described  
16           in subclause (I).

17           (C) COMPARISON DATA.—To the extent  
18           practicable, the report shall provide information  
19           comparing the data described in subparagraph  
20           (B) for proprietary institutions of higher edu-  
21           cation that are publicly traded corporations  
22           with such data for public institutions of higher  
23           education disaggregated by State.

1           (3) ACCOUNTING OF ANY ACTION.—For the  
2 purposes of paragraph (1)(A), the term “any action”  
3 shall include—

4           (A) a complaint filed by a Federal or State  
5 agency in a local, State, Federal, or tribal  
6 court;

7           (B) an administrative proceeding by a  
8 Federal or State agency involving noncompli-  
9 ance of any applicable law or regulation; or

10          (C) any other review, audit, or administra-  
11 tive process by any Federal or State agency  
12 that results in a penalty, suspension, or termi-  
13 nation from any Federal or State program.

14 **SEC. 6. FOR-PROFIT COLLEGE WARNING LIST FOR PAR-**  
15 **ENTS AND STUDENTS.**

16          (a) IN GENERAL.—Each academic year, the Com-  
17 mittee shall publish a list to be known as the “For-Profit  
18 College Warning List for Parents and Students” to be  
19 comprised of proprietary institutions of higher edu-  
20 cation—

21           (1) that have engaged in illegal activity during  
22 the previous academic year as determined by a Fed-  
23 eral or State court;

24           (2) that have entered into a settlement result-  
25 ing in a monetary payment;

1           (3) that have had any higher education pro-  
2           gram withdrawn or suspended; or

3           (4) for which the Committee has sufficient evi-  
4           dence of widespread or systemic unfair, deceptive,  
5           abusive, unethical, fraudulent, or predatory prac-  
6           tices, policies, or procedures that pose a threat to  
7           the academic success, financial security, or general  
8           best interest of students.

9           (b) DETERMINATIONS.—In making a determination  
10          pursuant to subsection (a)(4), the Committee may con-  
11          sider evidence that includes the following:

12           (1) Any consumer complaint collected by any  
13           member entity of the Committee.

14           (2) Any complaint filed by a Federal or State  
15           agency in a Federal, State, local, or tribal court.

16           (3) Any administrative proceeding by a Federal  
17           or State agency involving noncompliance of any ap-  
18           plicable law or regulation.

19           (4) Any other review, audit, or administrative  
20           process by any Federal or State agency that results  
21           in a penalty, suspension, or termination from any  
22           Federal or State program.

23           (5) Data or information submitted by a propri-  
24           etary institution of higher education to any accred-  
25           iting agency or association recognized by the Sec-

1       retary of Education pursuant to section 496 of the  
2       Higher Education Act of 1965 (20 U.S.C. 1099b) or  
3       the findings or adverse actions of any such accred-  
4       iting agency or association.

5               (6) Information submitted by a proprietary in-  
6       stitution of higher education to any member entity  
7       of the Committee.

8               (7) Any other evidence that the Committee de-  
9       termines relevant in making a determination pursu-  
10      ant to subsection (a)(4).

11      (c) PUBLICATION.—Not later than July 1 of each fis-  
12      cal year, the Committee shall publish the list under sub-  
13      section (a) prominently and in a manner that is easily ac-  
14      cessible to parents, students, and other stakeholders, in  
15      accordance with any best practices developed under sec-  
16      tion 3(b)(5).

○