



LEGISLATION IN THE 116TH CONGRESS AGAINST THE PROPRIETARY SCHOOL SECTOR

Do you want a list of the proposals currently offered in the 116th Congress to harm our sector and our ability to provide students with postsecondary career education? Here it is!

CECU is working hard to build bipartisan support for our important work. And we are challenging all legislation aimed exclusively at our sector. We continue to advocate for one set of rules (and legislation) that serve all sectors of higher education. We continue to call for common outcome metrics that define academic excellence for all programs at all schools. Such outcomes should be shared with the public, current, and prospective students through maximum transparency. Such common outcome metrics should serve as the basis for guardrails against poor performing programs by any school in any sector of higher education. We can protect both students and taxpayers at the same time! This is our goal.

The Court Legal Access and Student Support Act of 2019 (CLASS Act of 2019—Senate Bill [S. 608](#) and House Bill [H.R. 1430](#))

Introduced: 2/28/2019

Sponsor: Sen. Richard Durbin (D-IL)

Democratic Cosponsors: 7

Republican Cosponsors: None

- Prohibits mandatory predispute arbitration agreements in enrollment agreements.
- Bans requiring students to sign class action waiver clauses.

The Jumpstart Our Businesses by Supporting Students Act of 2019 (JOBS Act of 2019—Senate Bill [S. 839](#) and House Bill [H.R. 3497](#))

Introduced: 3/14/2019

Sponsor: Sen. Tim Kaine (D-VA)

Democratic Cosponsors: 12

Republican Cosponsors: 8

- Extends Federal Pell Grant funds to certain short-term job training programs.
- Defines an eligible job training program as one as short as 8 weeks.
- Excludes proprietary schools – only public and nonprofit schools eligible to participate.

The Preventing Risky Operations from Threatening the Education and Career Trajectories of Students Act of 2019 (PROTECT Students Act—Senate Bill [S. 867](#) and House Bill [H.R. 3512](#))

Introduced: 3/26/2019

Sponsor: Sen. Margaret Wood Hassan (D-NH)

Democratic Cosponsors: 27 (includes Independent Bernie Sanders)

Republican Cosponsors: None

- Changes the 90/10 rule to 85/15, and includes all sources of “Federal education assistance funds” for purposes of calculating the numerator – that includes GI Bill benefits and military tuition assistance.
- Revives the Obama-era gainful employment and borrower defense rules.
- Creates a For-Profit Education Oversight Committee.
- Changes the term *proprietary* to *for-profit*.
- Creates an enforcement unit at the Office of Federal Student Aid.
- Establishes a complaint resolution and tracking system.
- Makes certain restrictions on funds used for marketing, advertising, and lobbying activities.
- Expands on the incentive compensation ban.
- Outlines a process for conversions from for-profit to nonprofit or public status.
- Limits the use of arbitration in enrollment agreements and prohibits class action waiver clauses.

CFPB Student Loan Integrity and Transparency Act of 2019 (House Bill [H.R. 2833](#) and Senate Bill [S. 720](#))

Introduced: 5/17/2019

Sponsor: Rep. Katie Porter (D-CA)

Democratic Cosponsors: 12

Republican Cosponsors: None

- References predatory lenders and for-profit colleges, and “other unscrupulous businesses.”
- Finds the Consumer Financial Protection Bureau instrumental in shutting down for-profit schools.
- Requires information sharing related to student loans between the Department of Education and Consumer Financial Protection Bureau.
- Mandates loan servicers work with the Consumer Financial Protection Bureau.
- Prohibits the Department of Education from entering into a student loan service agreement unless the servicer agrees to provide student loan information to the Consumer Financial Protection Bureau.

The For-Profit Fraud Act (House Bill [H.R. 3112](#))

Introduced: 6/5/2019

Sponsor: Rep. Maxine Waters (D-CA)

Democratic Cosponsors: None

Republican Cosponsors: None

- Changes the 90/10 rule to 85/15, and defines Federal funds to include any funds provided under the Higher Education Act or any other Federal law – that includes GI Bill benefits and military tuition assistance.

- Prohibits a proprietary school from receiving any educational assistance funds from the Department of Veterans Affairs and Department of Defense during a period of title IV ineligibility due to noncompliance with 90/10.

The Protecting Our Students and Taxpayers Act of 2019 (POST Act—Senate Bill [S. 1775](#) and House Bill [H.R. 3179](#))

Introduced: 6/11/2019

Sponsor: Sen. Richard Durbin (D-IL)

Democratic Cosponsors: 8 (includes Independent Bernie Sanders)

Republican Cosponsors: None

- Changes the 90/10 rule to 85/15, and defines Federal funds to include any funds provided under the Higher Education Act or any other Federal law – that includes GI Bill benefits and military tuition assistance.
- Eliminates title IV eligibility after one year of noncompliance with 90/10.

The Defending All Veterans In Education Act (DAVIE Act—House Bill [H.R. 3369](#))

Introduced: 6/19/2019

Sponsor: Rep. Donna Shalala (D-FL)

Democratic Cosponsors: 50

Republican Cosponsors: 1

- Changes the 90/10 rule to 80/20, and defines Federal funds to include any funds provided under the Higher Education Act or any other Federal law – that includes GI Bill benefits and military tuition assistance.

The Protections and Regulation for Our Students Act (PRO Students Act—House Bill [H.R. 3487](#))

Introduced: 6/25/2019

Sponsor: Rep. Mark Takano (D-CA)

Democratic Cosponsors: 4

Republican Cosponsors: None

- Changes the 90/10 rule to 85/15, and defines Federal funds to include any funds provided under the Higher Education Act or any other Federal law – that includes GI Bill benefits and military tuition assistance.
- Limits default rate manipulation by scrutinizing branching, consolidation of campuses and OPE IDs, changes of ownership or control, and serial forbearance.
- Prohibits schools from using Federal student aid funds for marketing, advertising, and lobbying activities.
- Establishes a complaint tracking system.
- Creates a Proprietary Education Oversight Coordination Committee.
- Prohibits predispute arbitration agreements in enrollment agreements.
- Requires publication of a *Warning List for Parents and Students* comprised of proprietary schools meeting selected criteria.
- Lists *substantial misrepresentation* as a defense to repayment of a title IV loan.
- Expands on the incentive compensation ban.

- Allows for large civil penalties against schools engaged in substantial misrepresentation or other serious violation.
- Requires mandatory annual program reviews based on triggering events (e.g., proprietary schools that receive more than 80 percent in revenue from Federal funds during the two most recent years).

To require proprietary for-profit educational institutions to comply with Federal revenue limits to participate in educational assistance programs of the Department of Veterans Affairs (a discussion draft on pending legislation—House Bill [Unnumbered](#))

Legislative hearing discussion: 7/17/2019 (Committee on Veterans' Affairs, Subcommittee on Economic Opportunity)

- Creates a new 90/10 rule under the Department of Veterans Affairs, and defines Federal funds to include any funds provided under title 38, the Higher Education Act, or any other Federal law – that includes GI Bill benefits and military tuition assistance.
- Prohibits the Veterans Affairs Secretary or State approving agencies from approving a proprietary school's course of education unless the school complies with the Department of Veterans Affairs' new 90/10 rule.

To require that certain educational institutions have letters of credit as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs, and for other purposes (a discussion draft on pending legislation—House Bill [Unnumbered](#))

Legislative hearing discussion: 7/17/2019 (Committee on Veterans' Affairs, Subcommittee on Economic Opportunity)

- Mandates the Department of Veterans Affairs develop criteria to determine whether schools are at risk of closure due to financial instability. Criteria must minimally include loss of accreditation, being placed on heightened cash monitoring by the Department of Education, excess complaints from students, and placement of the school on show-cause.
- Requires the Department of Veterans Affairs collect its own separate letter of credit from a school if the Veterans Affairs Secretary determines the school is financially unstable or the Department of Education requires the school to submit a letter of credit under title IV.

The Student and Taxpayer Protection Act (House Bill [H.R. 4206](#))

Introduced: 8/23/2019

Sponsor: Rep. Mark Takano (D-CA)

Democratic Cosponsors: 24

Republican Cosponsors: None

- Revives the Obama-era gainful employment accountability and transparency framework.
- Requires the Education Secretary to establish performance metrics that include debt-to-earnings ratios of all programs and a threshold rate that each career program must meet to be eligible for title IV funds.
- Mandates schools disclose to enrolled and prospective students, as well as on their websites, information about student debt-to-earnings rate and whether the program is eligible for title IV funds or has received sanctions.

The Protecting Student Aid Act of 2019 (PSA Act of 2019—House Bill [H.R. 4497](#))

Introduced: 9/25/2019

Sponsor: Rep. Donna Shalala (D-FL)

Democratic Cosponsors: 11

Republican Cosponsors: None

- Establishes within the Office of Federal Student Aid an enforcement unit headed by a Chief Enforcement Officer.
- Charges the enforcement unit with reviewing and investigating violations of the HEA and recommending enforcement actions to the Education Secretary.
- Provides a six-year appointment for the Chief Enforcement Officer, who reports directly to the Education Secretary.
- Requires the Chief Enforcement Officer to develop and implement a process to share information with the Department of Education’s Student Loan Ombudsman, borrower defense personnel, other relevant Federal agencies, States (including law enforcement and regulatory agencies, and recognized accreditors).

The College Affordability Act (House Bill [H.R. 4674](#))

Introduced: 10/15/2019

Sponsor: Rep. Robert C. “Bobby” Scott (D-VA)

Democratic Cosponsors: 85

Republican Cosponsors: None

- Democrats bill to comprehensively reauthorize the Higher Education Act.
- Alternative to Republicans **PROSPER Act ([H.R. 4508](#))**.
- Changes 90/10 to 85/15, and includes all Federal support like the GI Bill.
- Establishes a debt-to-earnings threshold as found in the Obama-era gainful employment rule.
- Creates a process for conversions from proprietary to nonprofit.
- Excludes proprietary schools from a new grant program to provide emergency aid to students.
- Establishes an enforcement unit to review and investigate violations of the Higher Education Act.
- Excludes proprietary schools from participating in expanded Pell for short-term programs.
- Makes proprietary schools ineligible to participate in Pell for prisoners.
- Excludes proprietary schools from a bonus program for low-income student success.
- Establishes a borrower defense process that permits group claims.
- Requires States to create a tuition recovery fund to address school closures.
- Changes definitions on expenditures and limits the amount spent on marketing.
- Adjusts the cohort default rate metric to include multiple thresholds.
- Excludes proprietary schools with high cohort default rates from receiving technical and financial support.
- Establishes a new 3-year on-time loan repayment metric for accountability.
- Creates secret shopping to further enforce the ban on incentive compensation.
- Calls for reopening negotiated rulemaking on financial responsibility.
- Bans pre-dispute arbitration and allows for class action.

The Students Not Profits Act of 2019 (House Bill [H.R. 4724](#))

Introduced: 10/17/2019

Sponsor: Rep. Pramila Jayapal (D-VA)

Democratic Cosponsors: 15

Republican Cosponsors: None

- Makes proprietary schools ineligible for Federal student aid.
- Outlines a detailed process for conversions from for-profit to nonprofit status, including a notice and public comment period.
- Requires the Education Secretary to establish an office to monitor the status of a school that has converted to nonprofit.
- Stipulates a school that has converted to nonprofit is subject to any rules and regulations that apply to proprietary schools for of a minimum of five years.

Please don't hesitate to contact CECU's Government Relations Team with any questions at CECUGovernmentRelations@career.org or 571-970-3954.