

## BIPARTISAN WORKFORCE PELL ACT

DECEMBER 22, 2023.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Ms. FOXX, from the Committee on Education and the Workforce,  
submitted the following

### R E P O R T

[To accompany H.R. 6585]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 6585) to amend the Higher Education Act of 1965 to extend Federal Pell Grant eligibility to certain short-term workforce programs, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Bipartisan Workforce Pell Act”.

#### SEC. 2. WORKFORCE PELL GRANTS.

(a) IN GENERAL.—Section 401 of the Higher Education Act of 1965 (20 U.S.C. 1070a), as amended by section 703 of the FAFSA Simplification Act (title VII of division FF of Public Law 116-260), is amended by adding at the end the following:

“(k) WORKFORCE PELL GRANT PROGRAM.—

“(1) IN GENERAL.—For the award year beginning on July 1, 2025, and each subsequent award year, the Secretary shall award grants (to be known as ‘Workforce Pell Grants’) to eligible students under paragraph (2) in accordance with this subsection.

“(2) ELIGIBLE STUDENTS.—To be eligible to receive a Workforce Pell Grant under this subsection for any period of enrollment, a student shall meet the eligibility requirements for a Federal Pell Grant under this section, except that the student—

“(A) shall be enrolled, or accepted for enrollment, in an eligible program under section 481(b)(3) (hereinafter referred to as an ‘eligible workforce program’); and

“(B) may not—

“(i) be enrolled, or accepted for enrollment, in a program of study that leads to a master’s degree, doctoral degree, or other post-graduate degree; or

“(ii) have attained such a degree.

“(3) TERMS AND CONDITIONS OF AWARDS.—The Secretary shall award Workforce Pell Grants under this subsection in the same manner and with the same

terms and conditions as the Secretary awards Federal Pell Grants under this section, except that—

“(A) each use of the term ‘eligible program’ shall be substituted by ‘eligible workforce program under section 481(b)(3)’, other than with respect to—

“(i) paragraph (9)(A) of such subsection; and

“(ii) subsection (d)(2); and

“(B) a student who is eligible for a grant equal to less than the amount of the minimum Federal Pell Grant because the eligible workforce program in which the student is enrolled or accepted for enrollment is less than an academic year (in hours of instruction or weeks of duration) may still be eligible for a Workforce Pell Grant in an amount that is prorated based on the length of the program.

“(4) PREVENTION OF DOUBLE BENEFITS.—No eligible student described in paragraph (2) may concurrently receive a grant under both this subsection and—

“(A) subsection (b); or

“(B) subsection (c).

“(5) DURATION LIMIT.—Any period of study covered by a Workforce Pell Grant awarded under this subsection shall be included in determining a student’s duration limit under subsection (d)(5).”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in section 703 of the FAFSA Simplification Act (title VII of division FF of Public Law 116–260; 134 Stat. 3191) and in accordance with section 701(b) of such Act.

### SEC. 3. PROGRAM ELIGIBILITY FOR WORKFORCE PELL GRANTS.

Section 481(b) of the Higher Education Act of 1965 (20 U.S.C. 1088(b)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2) the following:

“(3) (A) A program is an eligible program for purposes of the Workforce Pell Grant program under section 401(k) only if—

“(i) it is a program of at least 150 clock hours of instruction, but less than 600 clock hours of instruction, or an equivalent number of credit hours, offered during a minimum of 8 weeks, but less than 15 weeks;

“(ii) it is not offered as a correspondence course, as defined in 600.2 of title 34, Code of Federal Regulations (as in effect on September 20, 2020);

“(iii) the State board makes a determination that the program—

“(I) provides an education aligned with the requirements of high-skill, high-wage (as identified by the State pursuant to section 122 of the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2342), or in-demand industry sectors or occupations;

“(II) meets the hiring requirements of potential employers in the sectors or occupations described in subclause (I); and

“(III) satisfies any applicable educational prerequisite requirement for professional licensure or certification in the State or States in which the program is offered, as applicable, such that a student who completes the program is qualified to—

“(aa) practice or find employment in the sectors or occupations described in subclause (I); and

“(bb) as applicable, take any licensure or certification examinations required to practice or find employment in such sectors or occupations;

“(iv) after the State board makes the determination that the program meets the requirements under clause (iii), the accrediting agency or association recognized by the Secretary pursuant to section 496(a) determines that the program—

“(I) either—

“(aa) leads to a recognized postsecondary credential that is stackable and portable across more than one employer; or

“(bb) with respect to students enrolled in the program—

“(AA) prepares such students for employment in an occupation for which there is only one recognized postsecondary credential; and

“(BB) provides such students with such a credential upon completion of such program;

“(II) prepares students to pursue 1 or more certificate or degree programs at 1 or more institutions of higher education (which may include the institution of higher education providing the program), including by ensuring—

- “(aa) that a student, upon completion of the program and enrollment in such a related certificate or degree program, will receive academic credit for the program that will be accepted toward meeting such certificate or degree program requirements; and
- “(bb) the acceptability of such credit toward meeting such certificate or degree program requirements; and
- “(III) posts prominently on the website of the institution the recognized postsecondary credential that will be awarded to the student upon completion of the program, including the entity issuing the credential, any third-party endorsements of the credential, the occupation or occupations for which the credential prepares individuals for employment, the competencies achieved to earn the credential, the level of mastery of such competencies and how mastery is assessed, and specific information with respect to where, whether, and under what circumstances the credential is stackable or portable;
- “(IV) with respect to the information collected under section 131(i)—
  - “(aa) posts such information prominently on the website of the institution; and
  - “(bb) provides such information in a written disclosure to each prospective student prior to entering into an enrollment agreement with such student for such program, and establishes procedures for each such student to confirm receipt of such disclosure;
- “(V) has established a plan to ensure students who completed the program have access to transcripts for completed coursework without a fee; and
- “(VI) has been offered by an eligible institution of higher education for not less than 1 year prior to the date on which such agency or association is to make a determination under this paragraph;
- “(v) after the accrediting agency makes the determination that the program meets the requirements under clause (iv), the Secretary determines that—
  - “(I) for each award year, the program has a verified completion rate of at least 70 percent, within 150 percent of the normal time for completion;
  - “(II) for each award year, the program has a verified job placement rate of at least 70 percent, measured 180 days after completion;
  - “(III) for each award year, the program charges to a Workforce Pell Grant recipient under section 401(k) a total amount of tuition and fees for the program for such year that does not exceed the value-added earnings of students for the most recent year for which data is available; and
  - “(IV) for at least 2 of the 3 most recent consecutive award years for which data are available, the median earnings of students who completed the program, measured three years after students completed the program, exceeded the annual median earnings of individuals in the State in which the program is located—
    - “(aa) who are in the labor force;
    - “(bb) who are between 25 and 34 years of age, inclusive; and
    - “(cc) for whom the highest degree attained is a high school diploma (or recognized equivalent); and
- “(vi) in the case of a program that has been an eligible workforce program under this paragraph for 3 or more years, it uses common, linked, open, and interoperable data formats when posting on the website of the institution the data required under subclauses (III) and (IV) of clause (iv).
- “(B)(i) The Secretary shall establish an appeals process wherein a program may request that, in making a determination under subparagraph (A)(v) (other than with respect to the median earnings of the individuals in the State described in subclause (IV) of such subparagraph), the Secretary use alternate earnings data, provided by the program, that is based on local, State, or Federal administrative data sources and that is statistically rigorous, accurate, comparable to, and representative of such students, if such program objects to a determination made by the Secretary under such subparagraph for purposes of—
  - “(I) eligibility under this paragraph; or
  - “(II) the reporting or publishing of the rates or earnings described in such a determination under section 131(i).
- “(ii) In the case of a program that is seeking to establish initial eligibility under this paragraph that does not have data available for the Secretary to make the determinations required under subparagraph (A)(v), the Secretary may, for a period that does not exceed 1 year, make such determinations (other than the median earnings of the individuals in the State described in subclause (IV) of such subparagraph) with respect to the program using, as provided by the program—

“(I) alternate earnings data of students who complete the program, provided such data are statistically rigorous, accurate, comparable to, and representative of such students; and

“(II) alternate completion and job placement rates of students who enroll in the program, provided such data are statistically rigorous, accurate, comparable, and representative of such students.

“(iii) If the Secretary determines that a program provided inaccurate earnings data under clause (i)(I) or clause (ii), such program shall return to the Secretary any funds received under section 401(k) during the period beginning on the date that is the first day of the provisional eligibility period and ending on the date on which the Secretary makes such determination.

“(C)(i) In the case of a program that is seeking to establish initial eligibility under this paragraph, the Secretary shall grant eligibility for the program if it meets the requirements of this paragraph not more than 120 days after the date on which the Secretary receives a submission from such program for consideration as an eligible workforce program under this paragraph.

“(ii) If a program that is an eligible workforce program under this paragraph no longer meets one or more of the requirements under this paragraph, as determined by the State Board, accrediting agency, or the Secretary, the Secretary—

“(I) may withdraw the eligibility of such program; and

“(II) shall prohibit such program, and any substantially similar program of the institution, from being considered an eligible workforce program under this paragraph for a period of not less than 3 years.

“(D)(i) In the case of a program with a number of enrolled students that is insufficient to provide the Secretary with enough relevant data to make the determinations under subparagraph (A)(v), the Secretary shall—

“(I) aggregate up to 4 years of additional data for such program and use such aggregated data to make such determinations; or

“(II) only if such aggregated data under subclause (I) is insufficient, aggregate up to 4 years of data of students who completed or were enrolled in, as applicable, similar programs at the institution (as determined using the first 4 digits of the CIP codes of such programs) and use such data to make such determinations.

“(ii) For purposes of this subparagraph, the term ‘CIP code’ means the 6-digit taxonomic identification code assigned by an institution of higher education to a specific program of study at the institution, determined by the institution in accordance with the Classification of Instructional Programs published by the National Center for Education Statistics.

“(E) In this paragraph:

“(i) The term ‘eligible institution of higher education’ means an institution of higher education (as defined in section 102) that—

“(I) is approved by an accrediting agency or association that meets the requirements of section 496(a)(4)(C); and

“(II) has not been subject, during any of the preceding 3 years, to—

“(aa) any suspension, emergency action, or termination under this title;

“(bb) any adverse action by the institution’s accrediting agency or association that revokes or denies accreditation for the institution; or

“(cc) any final action by the State where the institution holds its legal domicile, authorization, and accreditation that revokes a license or other authority to operate.

“(ii) The term ‘median earnings’, when used with respect to an eligible workforce program under this paragraph—

“(I) means the median annualized earnings, calculated using earnings for a pay period, month, quarter, or other time period deemed appropriate by the Secretary, of all students who received Federal financial assistance under this title and who completed the program in an academic year; and

“(II) shall be measured a given number of years after such students completed the program, with the number of years determined in accordance with this Act based on the intended use of the median earnings data being calculated.

“(iii) With respect to students who received Federal financial aid under this title and who completed an eligible workforce program under this paragraph in a given year, the term ‘value-added earnings’ means—

“(I) the median earnings of such students, measured one year after students completed the program; minus

“(II) for the year median earnings are measured for such students under subclause (I), 150 percent of the poverty line applicable to a single individual as determined under section 673(2) of the Community Services Block

Grant Act (42 U.S.C. 9902(2)) for such year and, in the case of a program offered in-person, adjusted by the regional price parity index of the Bureau of Economic Analysis for the metropolitan statistical area in which the eligible institution of higher education offering such program is located.

“(iv) The terms ‘industry or sector partnership’, ‘in-demand industry sector or occupation’, ‘recognized postsecondary credential’, and ‘State board’ have the meanings given such terms in section 3 of the Workforce Innovation and Opportunity Act.”

#### SEC. 4. DATA COLLECTION AND DISSEMINATION RELATED TO WORKFORCE PELL.

Section 131 of the Higher Education Act of 1965 (20 U.S.C. 1015) is amended by adding at the end the following:

“(i) DATA COLLECTION AND DISSEMINATION RELATED TO WORKFORCE PELL.—

“(1) PRIMARY DATA SOURCE.—The Secretary shall use data from the National Student Loan Data System or administrative data maintained by the Department, matched with Internal Revenue Service income data to collect data and make calculations in accordance with this subsection and section 481(b)(3).

“(2) PUBLICATION.—The Secretary shall, on an annual basis, collect, verify, and make publicly available on the College Scorecard website (or any similar successor website), the information required under section 481(b)(3)(A)(v), with respect to each eligible program under section 481(b)(3) (hereinafter referred to as an ‘eligible workforce program’), including—

“(A) the length of the program (as measured in clock hours, credit hours, or weeks);

“(B) the required tuition and fees of the program;

“(C) the difference between the required tuition and fees described in section 481(b)(3)(A)(v)(III) and median amount of grant aid (which does not need to be repaid) provided to students receiving Workforce Pell Grants, disaggregated by source of such grant aid;

“(D) the median earnings of students as such term is defined in section 481(b)(3)(E);

“(E) the median earnings of students who did not complete the program and received Federal financial assistance under this title;

“(F) the ratio of the amount described in subparagraph (C) to the value-added earnings (as such term is defined in section 481(b)(3)(E)) of students and an explanation, in clear and plain language, of this ratio;

“(G) in the case of a program that prepares students for a professional licensure or certification examination, the share of such students who pass such examinations;

“(H) the number of students enrolled in the program during the most recent academic year for which data is available;

“(I) the percentage of students who enroll in the program and who complete the program within—

“(i) 100 percent of the normal time for completion of such program;

“(ii) 150 percent of the normal time for completion of such program;

and

“(iii) 200 percent of the normal time for completion of such program;

“(J) the percentage of students who are employed not later than 180 days and 1 year, respectively, after completing the program;

“(K) the percentage of individuals—

“(i) who have completed such program; and

“(ii) 1 year after such completion, whose median earnings exceed 150 percent of the poverty line applicable to a single individual, as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2));

“(L) the percentage of students who enroll in a certificate or degree program at any institution of higher education within 1 year of completing such program; and

“(M) the percentage of students who complete a subsequent certificate or degree program at any institution of higher education within 6 years of completing such program.

“(3) DATA DISAGGREGATION.—The information in subparagraphs (D), (E), and (H) through (M) shall be disaggregated by—

“(A) sex;

“(B) race and ethnicity;

“(C) income quintile, as defined by the Secretary; and

“(D) status as a recipient of a Workforce Pell Grant.

“(4) EXCEPTIONS.—Notwithstanding any other provision of this subsection, if disclosure of any data under paragraph (1) is prohibited under State or Federal

privacy laws or regulations, the Secretary shall take the steps described in paragraph (5), and any other steps determined by the Secretary to be necessary to make publicly available such data in accordance with such laws and regulations.

“(5) SMALL PROGRAMS.—

“(A) AGGREGATION.—For purposes of publishing the information described in this subsection with respect to an eligible workforce program, for any year for which the number of students is determined by the Secretary to be of insufficient size to maintain the privacy of student data, the Secretary shall, to obtain data for a sufficient number of students to maintain student privacy—

“(i) aggregate up to 4 years of additional data for such program;

“(ii) only if the aggregated data under clause (i) is insufficient to maintain student privacy or cannot be aggregated, aggregate data for students who completed or were enrolled in, as applicable, similar programs at the institution (as determined using the first 4 digits of the CIP codes); or

“(iii) only if the aggregated data under clause (ii) is insufficient to maintain student privacy or cannot be aggregated, aggregate data with respect to all students who completed or were enrolled in, as applicable, any program of the institution of the same credential level, in lieu of data specific to students in such program.

“(B) NOTIFICATION OF AGGREGATION.—The Secretary shall prominently indicate whether data published under this subsection has been aggregated in accordance with subparagraph (A).

“(C) CIP CODE DEFINED.—For purposes of this paragraph, the term ‘CIP code’ means the 6-digit taxonomic identification code assigned by an institution of higher education to a specific program of study at the institution, determined by the institution in accordance with the Classification of Instructional Programs published by the National Center for Education Statistics.”.

**SEC. 5. ACCREDITING AGENCY DETERMINATION OF ELIGIBILITY REQUIREMENTS FOR THE WORKFORCE PELL GRANTS PROGRAM.**

(a) REFERENCES.—Except as otherwise expressly provided, whenever in this section an amendment or reference is expressed in terms of an amendment or reference to a section or other provision, the amendment or reference shall be considered to be made to a section or other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

(b) RECOGNITION OF ACCREDITING AGENCY OR ASSOCIATION.—Section 496(a)(4) (20 U.S.C. 1099b(a)(4)) is amended—

(1) in subparagraph (A), by striking “and” at the end;

(2) in subparagraph (B)(ii), by inserting “and” at the end; and

(3) by adding at the end the following:

“(C) if such agency or association has or seeks to include within its scope of recognition the evaluation of the quality of institutions offering an eligible program under section 481(b)(3), such agency or association shall, in addition to meeting the other requirements of this subpart, demonstrate to the Secretary that, with respect to such an eligible program—

“(i) the agency or association’s standards include a process for determining if the institution has the capability to effectively offer such program; and

“(ii) the agency or association requires a demonstration that the program satisfies the requirements of section 481(b)(3)(A)(iv);”.

(c) PROSPECTIVE ACCREDITORS.—The Secretary—

(1) in the case of an accrediting agency or association that is not recognized under section 496 (20 U.S.C. 1099b) and that is seeking initial recognition to evaluate only eligible programs under section 481(b)(3) (20 U.S.C. 1088(b)), may only recognize such agency or association for such purpose if such agency or association demonstrates, in the application submitted under such section 496 for such recognition, compliance with the requirements of such section for at least 1 year prior to the date on which such application is submitted;

(2) shall, not later than 1 year after receiving such an application, make a recommendation with respect to whether such agency or association should be recognized for such purpose; and

(3) shall, after making the recommendation described in paragraph (2), direct the National Advisory Committee on Institutional Quality and Integrity (as established by section 114 (20 U.S.C. 1011c)) (hereinafter referred to as “NACIQI”) to, at the first scheduled meeting of such Committee following such a recommendation—

(A) evaluate the recognition of the agency or association; and  
 (B) advise the Secretary with respect to whether the agency or association meets the criteria under section 496(a)(4)(C) (20 U.S.C. 1099b(a)(4)) (as added by subsection (b)).

(d) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance to any prospective accrediting agency or association seeking initial recognition by the Secretary under section 496 (20 U.S.C. 1099b), including with respect to recognition to evaluate institutions with an eligible Workforce Pell Grants program.

(e) ADDITIONAL NACIQI REVIEW MEETINGS.—For the purpose of preparing for the implementation of the Workforce Pell Grant program under section 401(k) (20 U.S.C. 1070a) (as added by section 2), and in addition to the meetings required under section 114(d)(1) (20 U.S.C. 1011c(d)(1)), NACIQI shall, for the period beginning on the date of the enactment of this Act and ending on December 31, 2030, hold meetings to evaluate the recognition of prospective accrediting agencies or associations described in subsection (c) and the addition to the scope of recognition of accrediting agencies and associations under section 496(a)(4)(C) (20 U.S.C. 1099b(a)(4)).

(f) INTERIM ACCREDITATION AUTHORITY.—

(1) NOTIFICATION.—Beginning on the date of the enactment of this Act, a recognized accrediting agency or association that seeks, for the first time, to add to its scope of recognition the evaluation of the quality of institutions offering an eligible program under section 481(b)(3) (20 U.S.C. 1088(b)) may include within its scope of recognition the evaluation of such institutions if such agency or association—

(A) submits to the Secretary a notification of the agency or association's intent to add the evaluation of such institutions to its scope of recognition; and

(B) includes with such notification an explanation of how the agency or association intends to meet the criteria under section 496(a)(4)(C) (20 U.S.C. 1099b(a)(4)) (as added by subsection (b)).

(2) REVIEW OF SCOPE OF CHANGES.—Upon receipt of a notification from an accrediting agency or association described in subparagraph (A), the Secretary shall direct NACIQI to evaluate, at the next available meeting of such Committee, the addition to the scope of recognition of the agency or association and to advise the Secretary with respect to whether the agency or association meets the criteria under section 496(a)(4)(C) (20 U.S.C. 1099b(a)(4)) (as added by subsection (b)).

(3) TERMINATION OF INTERIM AUTHORITY.—The interim authority granted to an agency or association under this paragraph shall terminate on the earlier of—

(A) the date that is 5 years after the date of the enactment of this Act; or

(B) the date on which the Secretary determines whether such agency or association meets the criteria under section 496(a)(4)(C) (20 U.S.C. 1099b(a)(4)) (as added by subsection (b)).

#### SEC. 6. RULE OF CONSTRUCTION.

Nothing in this Act shall be construed to impose or increase an occupational licensing or certification requirement on eligible programs under this title.

#### SEC. 7. AGREEMENTS WITH APPLICABLE EDUCATIONAL INSTITUTIONS.

(a) DIRECT LOANS.—Section 454(a) of the Higher Education Act of 1965 (20 U.S.C. 1087d(a)) is amended—

(1) in paragraph (5), by striking “and” after the semicolon;

(2) by redesignating paragraph (6) as paragraph (7); and

(3) by inserting after paragraph (5) the following:

“(6) notwithstanding any other provision of this Act, for the award year beginning on July 1, 2024, and each subsequent award year, if such institution is an applicable educational institution that is an organization subject to taxation under section 4968 of the Internal Revenue Code of 1986, provide that such institution may not award—

“(A) a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct Plus Loan to any eligible student; or

“(B) a Federal Direct Plus Loan to a parent of an eligible dependent undergraduate student if such student is eligible for a Federal Pell Grant.”; and

(b) FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS.—Section 413C(a) of the Higher Education Act of 1965 (20 U.S.C. 1070b–2(a)) is amended—

(1) in paragraph (3), by redesignating subparagraphs (A) through (D) as clauses (i) through (iv), respectively;

(2) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively;

(3) in the matter preceding subparagraph (A), as so redesignated, by striking “Assistance may” and inserting

“(1) IN GENERAL.—Assistance may”; and

(4) by adding at the end the following:

“(2) EXCEPTION.—In addition to the requirements under paragraph (1), for the award year beginning on July 1, 2024 and each subsequent award year, an institution that is an applicable educational institution that is an organization subject to taxation under section 4968 of the Internal Revenue Code of 1986, may only receive assistance under this subpart if such institution guarantees that, for each such award year—

“(A) the total amount of grants and scholarships, including other financial assistance not received under this title as defined in section 480(i), awarded to a student who receives a Federal Pell Grant under this title shall not be less than the student’s cost of attendance (as defined in section 472); and

“(B) the percentage of students enrolled at such institution who are eligible for a Federal Pell grant will be equal to or greater than the percentage of students who were enrolled at such institution and were eligible for a Federal Pell grant in the award year during which the Bipartisan Workforce Pell Act was enacted.”.

#### SEC. 8. AUTHORIZATION OF APPROPRIATIONS.

In addition to funds made available for payment of Workforce Pell Grants under section 401(k) of the Higher Education Act of 1965 (as added by section 2 of this Act), there are authorized to be appropriated to the Secretary of Education \$40,000,000 for fiscal year 2025 and \$30,000,000 for each of the 4 succeeding fiscal years for the costs of implementing such section 401(k) and the other amendments to the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) made by this Act.

#### PURPOSE

One of the primary purposes of the *Higher Education Act of 1965* (HEA) is to support postsecondary education access for low-income students. This includes assisting families with access to federal financial aid, including through the Pell Grant, in cases where a student may not otherwise have access to aid. As the 21st-century workforce evolves, it is critical to reform and realign federal financial aid to support access to postsecondary education programs that provide the valuable skills education necessary for today’s in-demand careers. H.R. 6585, the *Bipartisan Workforce Pell Act*, would extend Pell Grant eligibility to high-quality, short-term education programs that provide low-income students and workers opportunities to quickly advance their careers. In doing so, H.R. 6585 also establishes an accountability framework to assess the effectiveness of short-term programs to ensure that students and taxpayers receive a positive return on their investment for the Workforce Pell Grant.

#### COMMITTEE ACTION

##### 115TH CONGRESS

##### *Legislative Action*

On December 1, 2017, Chairwoman Virginia Foxx (R-NC) introduced the *Promoting Real Opportunity, Success, and Prosperity through Education Reform Act* (H.R. 4508) with Representative Brett Guthrie (R-KY). Additional cosponsors included Representatives Joe Wilson (R-SC), Duncan Hunter (R-CA), Phil Roe (R-TN), Glenn Thompson (R-PA), Tim Walberg (R-MI), Todd Rokita (R-IN), Lou Barletta (R-PA), Luke Messer (R-IN), Bradley Byrne (R-AL), Dave Brat (R-VA), Elise Stefanik (R-NY), Rick Allen (R-GA),



Jason Lewis (R–MN), Francis Rooney (R–FL), Paul Mitchell (R–MI), Tom Garrett (R–VA), Lloyd Smucker (R–PA), Drew Ferguson (R–GA) Ron Estes (R–KS), and Karen Handel (R–GA).

The bill was referred solely to the Committee on Education and the Workforce. On December 12, 2017, the Committee considered H.R. 4508 in legislative session and reported it favorably, as amended, to the House of Representatives by a recorded vote of 23–17.

#### 116TH CONGRESS

##### *Legislative Action*

On October 15, 2019, Chairman Robert C. “Bobby” Scott (D–VA) introduced the *College Affordability Act* (H.R. 4674) with Representatives Susan Davis (D–CA) Rál Grijalva (D–AZ), Joe Courtney (D–CT), Marcia Fudge (D–OH), Del. Gregorio Kilili Camacho Sablan (D–MP), Frederica Wilson (D–FL), Suzanne Bonamici (D–OR), Mark Takano (D–CA), Alma Adams (D–NC), Mark DeSaulnier (D–CA), Donald Norcross (D–NJ), Pramila Jayapal (D–WA), Joseph Morelle (D–NY), Susan Wild (D–PA), Rep. Josh Harder (D–CA), Kim Schrier (D–WA), Jahana Hayes (D–CT), Donna Shalala (D–FL), Andy Levin (D–MI), Ilhan Omar (D–MN), David Trone (D–MD), Susie Lee (D–NV), Lori Trahan (D–MA), and Joaquin Castro (D–TX).

The bill was referred solely to the Committee on Education and Labor. On October 28, 2019, the Committee considered H.R. 4674 in legislative session and reported it favorably, as amended, to the House of Representatives by a recorded vote of 28–22.

#### 117TH CONGRESS

##### *First Session—Hearing*

On July 29, 2021, the Committee’s Subcommittee on Higher Education and Workforce Investment held a virtual hearing, “Keeping the Pell Grant Promise: Increasing Enrollment, Supporting Success.” The hearing examined trends related to Pell Grant eligible students’ access to postsecondary education. Testifying before the Subcommittee were Dr. Justin Ortagus, Associate Professor of Higher Education Administration and Policy and Director of the Institute of Higher Education, University of Florida, Gainesville, Florida; Dr. Robert J. Jones, Chancellor, University of Illinois Urbana-Champaign, Champaign, Illinois; Dr. Michael B. Poliakoff, President, American Council of Trustees and Alumni, Washington, District of Columbia; Ms. Darleny Suriel, Student, City College of New York, New York, New York.

##### *Other Legislative Action*

On February 4, 2022, the House considered H.R. 4521, the *America Competes Act*. An amendment offered by Representative Levin expanded Pell Grant eligibility to high-quality short-term skills and workforce development programs. The amendment passed the House by a vote of 238–193.

*First Session—Hearing*

On February 8, 2023, the Committee on Education and the Workforce held a hearing on “American Education in Crisis” to examine the state of American education, including K–12 education, postsecondary education, and workforce development. During the hearing witness Dr. Monty Sullivan made comments supporting expansion of Pell Grants to cover short-term workforce programs and responded to a question from Ranking Member Scott that measuring earnings as a way to determine value was a key component of separating effective from ineffective programs. Dr. Sullivan also stated that America’s worker shortage “is too big for America’s public institutions only to solve.” Mr. Scott Pulsipher echoed Dr. Sullivan, stating that the value of a program is more important than its modality. Testifying before the Committee were Mrs. Virginia Gentles, Director, Education Freedom Center, Independent Women’s Forum, Arlington, Virginia; Dr. Monty Sullivan, President, Louisiana Community and Technical College System, Baton Rouge, Louisiana; Mr. Scott Pulsipher, President, Western Governors University, Salt Lake City, Utah; and The Hon. Jared Polis, Governor, State of Colorado, Denver, Colorado.

On May 16, 2023, the Committee on Education and the Workforce held a hearing on “Examining the Policies and Priorities of the U.S. Department of Education.” The purpose of the hearing was to examine the policies and priorities of the U.S. Department of Education. Testifying before the Committee was Miguel Cardona, Secretary, U.S. Department of Education, Washington, District of Columbia. During the hearing, Chairwoman Foxx made comments and asked questions regarding Workforce Pell in postsecondary education. Representative Lori Chavez-DeRemer (R–OR) asked if the Biden administration was supportive of Pell Grant eligibility for short-term programs and Secretary Cardona confirmed interest in expanding the Pell Grant with increased accountability and committed to working with the Committee on a proposal.

On Thursday June 22, 2023, the Committee on Education and the Workforce held a hearing on “Competencies Over Degrees: Transitioning to a Skills-Based Economy.” The purpose of the hearing was to examine the rise of skills-based hiring and discuss policies that can facilitate an emphasis on skills to prepare a stronger, more competitive workforce for the 21st century economy. During the hearing, Ranking Member Scott made comments urging passage of Workforce Pell to enable access to short term programs. Testifying before the Committee were Dr. Karin Kimbrough, Chief Economist, LinkedIn, Sunnyvale, California; Dr. Mark Smith, Director of HR Thought Leadership, SHRM, Alexandria, Virginia; Mr. Dan Healey, Head of People for Customer Success, SAP, Newton Square, Pennsylvania; and Dr. Papia Debroy, Senior Vice President of Insights, Opportunity@Work, Washington, District of Columbia.

On July 27, 2023, the Committee’s Subcommittee on Higher Education and Workforce Development held a hearing on “Lowering the Costs and Increasing Value for Students, Institutions, and Taxpayers.” The purpose of the hearing was to discuss ways in which the accountability system of the HEA can be reformed. During the hearing, witnesses testified that a return on investment metric,

such as the value-added earnings metric in H.R. 496, the PELL Act, would be an appropriate accountability metric. Testifying before the Subcommittee were Dr. Andrew Gillen, Senior Policy Analyst, Texas Public Policy Foundation, Austin, Texas; Mr. Michael Horn, Co-Founder, Clayton Christensen Institute, Lexington, Massachusetts; Mr. Stig Leschly, Founder and President, Postsecondary Commission, Boston, Massachusetts; and Dr. Stephanie Cellini, Professor of Public Policy and Public Administration, and of Economics, The George Washington University, Washington District of Columbia.

#### *Legislative Action*

On December 5, 2023, Representative Stefanik, Chairwoman Foxx, Ranking Member Scott, and Representative DeSaulnier introduced H.R. 6585, the *Bipartisan Workforce Pell Act*. The bill was referred solely to the Committee on Education and the Workforce. On December 12, 2023, the Committee considered H.R. 6585 in legislative session and reported it favorably, as amended, to the House of Representatives by a recorded vote of 37–8. The Committee adopted the following amendment to H.R. 6585:

1. Amendment in the Nature of a Substitute—Chairwoman Foxx offered an Amendment in the Nature of a Substitute (ANS) that ensured that a state career and technical education agency’s definition of “high-skill, high-wage” is utilized by the state workforce development board in determining program eligibility for Workforce Pell Grants; added a requirement regarding data formats used by institutions to post Workforce Pell Grant program information on their website; provided technical clarification that organizations of an institution are part of an applicable educational institution in determinations made in section 7 of the bill; clarified a provision related to the requirement of an applicable educational institution to cover students’ full cost of attendance; and clarified that the authorization of appropriations is funding to the Secretary of Education to implement the program in the first five years. The ANS was adopted by voice vote.

### COMMITTEE VIEWS

#### INTRODUCTION

For many years, a wide range of education stakeholders, state elected officials, and Members of Congress have considered and supported allowing students to utilize their Pell Grants for short-term programs. Yet, Title IV of the HEA does not allow Pell Grants to be used for programs requiring fewer than 600 hours, or 15 weeks, of instruction. More broadly, the HEA maintains a traditional framework for postsecondary education delivery that reflects a time when the average student was an 18- to 24-year-old who could enroll in college full-time, earn credit hours based on class seat time, and have his or her financial aid disbursed based on his or her credit hour courseload. Today, over 30 percent of enrolled students are considered non-traditional, which includes students who are 25 years or older, took time off before enrolling in college, are enrolled part-time, work full-time, or are financially inde-

pendent but supporting dependents.<sup>1</sup> At a time when employers are eager to find workers for unfilled jobs in the U.S.,<sup>2</sup> H.R. 6585, the *Bipartisan Workforce Pell Act*, provides a solution for low-income students to pay for their education while learning new industry skill sets.

### *Unfilled Jobs and a Skills Mismatch*

There are approximately 8.7 million job openings across the country.<sup>3</sup> As employers work to fill these jobs, there is an increased demand for the skills Americans need to thrive in the workforce. Technological advancements are rapidly changing the economy, requiring workers to gain new skills in order to keep pace. An analysis of millions of job listings found that 37 percent of the average job's skills have been replaced over the past five years.<sup>4</sup> Recent breakthroughs in artificial intelligence (AI) have led economists to estimate that roughly two-thirds of U.S. occupations are exposed to some degree of automation by AI.<sup>5</sup> In addition to the natural challenges of an ever-changing economy, employers are increasing their reliance on credentials instead of degrees as a determinant of a potential worker's skill, which is leading to a shift to skills-based hiring.<sup>6</sup> It is critical for federal policy to recognize the importance of providing multiple pathways after high school; short-term programs eligible for funding under the Bipartisan Workforce Pell Act will provide opportunities for workers to reskill or upskill to remain competitive in the labor market, or pursue additional postsecondary education if they choose to do so.

### *The Pell Grant as an Effective Tool*

Pell Grants are the primary federal source of need-based aid to low-to-moderate-income Americans in their pursuit of college degrees. Approximately \$26 billion in Pell Grant aid was awarded to over six million students in fiscal year (FY) 2021.<sup>7</sup> Students are eligible to receive a Pell Grant for a maximum of 12 semesters.<sup>8</sup> The maximum Pell Grant for an academic year is currently \$7,395 with a minimum Pell Grant award amount of \$750.<sup>9</sup> Pell Grants are prorated by the student's enrollment rate (full-time or part-time)

<sup>1</sup> Post-Traditional Students in Higher Education, Postsecondary National Policy Institute, updated Mar., 2023, at 1, [https://pnpi.org/wp-content/uploads/2023/03/PostTraditional\\_FactSheet\\_Mar2023.pdf](https://pnpi.org/wp-content/uploads/2023/03/PostTraditional_FactSheet_Mar2023.pdf).

<sup>2</sup> Job Openings and Labor Turnover Summary, Bureau of Labor Statistics, Dec. 5, 2023, <https://www.bls.gov/news.release/jolts.nr0.htm#:text=PressOffice%40bls.gov%20JOB%20OPENINGS,of%20Labor%20Statistics%20reported%20today>.

<sup>3</sup> Job Openings and Labor Turnover Summary, Bureau of Labor Statistics, Dec. 5, 2023, <https://www.bls.gov/jlt/>.

<sup>4</sup> Coursera Blog, Coursera and Burning Glass Institute Release 2023 Skills Compass Report to Help L&D Leaders Develop High ROI Learning Programs, Feb. 9, 2023, <https://blog.coursera.org/coursera-and-burning-glass-institute-release-2023-skills-compass-report-to-help-ld-leaders-develop-high-roi-learning-programs/>.

<sup>5</sup> Generative AI could raise global GDP by 7%, Goldman Sachs, Apr. 5, 2023, <https://www.goldmansachs.com/insights/pages/generative-ai-could-raise-global-gdp-by-7-percent.html>.

<sup>6</sup> Google, Apple and 12 Other companies that no longer require employees to have a college degree, CNBC Make It, updated Oct. 8, 2018, <https://www.cnbc.com/2018/08/16/15-companies-that-no-longer-require-employees-to-have-a-college-degree.html>.

<sup>7</sup> Federal Pell Grant Program of the Higher Education Act: Primer, Congressional Research Service, updated Jan. 24, 2023, at 1, <https://crsreports.congress.gov/product/pdf/R/R45418#:text=The%20federal%20Pell%20Grant%20program,have%20been%20awarded%20since%201973>.

<sup>8</sup> *Id.*, at 10.

<sup>9</sup> 2023–2024 Federal Pell Grant Payment and Disbursement Schedules, Federal Student Aid, Jan. 26, 2023, [https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2023-01-26/2023-2024-federal-pell-grant-payment-and-disbursement-schedules#:text=On%20December%2029%2C%202022%2C%20the,contribution%20\(EFC\)%20is%206656](https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2023-01-26/2023-2024-federal-pell-grant-payment-and-disbursement-schedules#:text=On%20December%2029%2C%202022%2C%20the,contribution%20(EFC)%20is%206656).

and by the program's length. Under the *Bipartisan Workforce Pell Act*, Workforce Pell Grants would be prorated by program length. Although the Pell Grant amounts may be a small fraction of cost of attendance in both traditional and short-term programs, we know the Pell Grant is effective at aiding students, especially first-time students, complete their education and increase their future earning potential.<sup>10</sup> The federal government provides \$110 billion in student loans, grants, and work-study funding annually.<sup>11</sup> In contrast, \$5.3 billion was disbursed for workforce development under Title I of the *Workforce Innovation and Opportunity Act* (WIOA)<sup>12</sup> and \$1.4 billion through the *Perkins Career and Technical Education Act* state grants.<sup>13</sup> The *Bipartisan Workforce Pell Act* would take one small step in providing more equal funding across postsecondary education programs.

#### *Benefits of Short-term Skills Education*

While a college degree is one of the safest investments an individual can make, not all college programs are created equal, and far too many leave students with debt they cannot repay or with a credential they cannot use in the labor market. Recent studies found that over one quarter of bachelor's degree programs leave students worse off financially than if they had not enrolled, and an estimated 40 percent of master's degrees provide students a negative return on investment.<sup>14</sup> Research on the benefits of short-term programs of a variety of lengths is more limited than those on college degrees because data on such programs is more limited. However, studies generally show that those who attain a more occupationally focused certificate from a short-term program have higher rates of employment and earn approximately 10 percent more than those with only a high school diploma.<sup>15</sup> Surveys of short-term programs have also found that graduates themselves report higher levels of marketability, employment, and income than those with only a high school diploma.<sup>16</sup> Similar to traditional higher education programs, not all short-term programs are created equal. However, research has noted that with the appropriate measures

<sup>10</sup>Jeffrey T. Denning, Benjamin M. Marx, and Lesley J. Turner, ProPelled: The Effects of Grants on Graduation, Earnings, and Welfare, *Am Econ J Appl Econ*, 2019, 11(3): 193–224, <https://pubs.aeaweb.org/doi/pdfplus/10.1257/app.20180100>.

<sup>11</sup>About Us, Federal Student Aid, <https://studentaid.gov/about> (last visited Dec. 15, 2023).

<sup>12</sup>FY 2024 Budget in Brief, Department of Labor, <https://www.dol.gov/sites/dolgov/files/general/budget/2024/FY2024BIB.pdf>, (last visited Dec. 15, 2023).

<sup>13</sup>Fiscal Year 2024 Budget Summary, Department of Education, <https://www2.ed.gov/about/overview/budget/budget24/summary/24summary.pdf>, (last visited Dec. 15, 2023).

<sup>14</sup>How to Hold Colleges and Universities Accountable for Prices and Outcomes, Medium, Mar. 31, 2022, <https://freopp.org/improving-return-on-investment-in-higher-education-principles-for-reform-e6ed38c50ae5>.

<sup>15</sup>Sandy Baum, Harry Holzer, Grace Luetmer, Should the Federal Government Fund Short-Term Postsecondary Certificate Programs? Center on Education Data and Policy, corrected January 2021, [https://www.urban.org/sites/default/files/publication/103370/should-the-federal-government-fund-short-term-postsecondary-certificate-programs\\_0\\_0.pdf](https://www.urban.org/sites/default/files/publication/103370/should-the-federal-government-fund-short-term-postsecondary-certificate-programs_0_0.pdf).

<sup>16</sup>When do Adults without Degrees Benefit from Earning Certificates and Certifications?, Strada, Gallup, Lumina, at 4, [https://cdn2.hubspot.net/hubfs/5257787/StradaLuminaGallup\\_Report\\_FiNAL-1.pdf?utm\\_campaign=Gallup%20Report%3A%20Certified%20Value&utm\\_medium=email&hsenc=p2ANqtz-9h0k7PZ6fg0BRF8ilhJMtKrnXN-fqdx0Owlw55sQ2UVewVdKumaXctQuJzFs95gW6DR\\_OdQDXOyKYQKgRlPJAc7JKmw&hsmi=74072828&utm\\_content=74072828&utm\\_source=hs\\_automation&hsCtaTracking=1354c347-29f4-4d06-a22f-3fa5cf2aac2d%7Cd76db14-d0d1-472b-a716-bcbd1c1d7a34#page=4](https://cdn2.hubspot.net/hubfs/5257787/StradaLuminaGallup_Report_FiNAL-1.pdf?utm_campaign=Gallup%20Report%3A%20Certified%20Value&utm_medium=email&hsenc=p2ANqtz-9h0k7PZ6fg0BRF8ilhJMtKrnXN-fqdx0Owlw55sQ2UVewVdKumaXctQuJzFs95gW6DR_OdQDXOyKYQKgRlPJAc7JKmw&hsmi=74072828&utm_content=74072828&utm_source=hs_automation&hsCtaTracking=1354c347-29f4-4d06-a22f-3fa5cf2aac2d%7Cd76db14-d0d1-472b-a716-bcbd1c1d7a34#page=4), (last visited Dec. 15, 2023).

to assess key indicators of effectiveness, short-term programs can produce a positive return on investment for students.<sup>17</sup>

By providing a greater earnings potential and labor market value, shorter-term programs have become an increasingly preferred choice for students. Additionally, the adaptability of these education programs allows them to address developing workforce needs and fit into a non-traditional student's daily life. In fact, a 2020 survey found that 62 percent of Americans prefer a career path that does not require a traditional four-year degree.<sup>18</sup>

In addition to their adaptability, short-term programs also are generally less expensive than traditional four-year degrees. While the cost of a short-term program varies widely, ranging between \$1,000 and \$10,000,<sup>19</sup> the cost is still less than the average yearly cost of tuition and fees for a bachelor's degree, which is \$11,260 for public institutions (in-state) and \$41,540 for private non-profit institutions in the 2023–2024 award year.<sup>20</sup> For many students, quality short-term programs may be a better financial option than traditional higher education, providing an alternative with a shorter time to a credential and a high paying job.

#### *An Effective Workforce Pell Grant Framework*

H.R. 6585 is a bipartisan solution that addresses a shortcoming present in past short-term Pell Grant legislative proposals, situating the program in both the higher education and workforce systems. Acknowledging that short-term skills education programs participate, or will participate, in both the WIOA and HEA systems, this bill aligns these two systems. In effect, Workforce Pell Grant programs are not asked to meet burdensome HEA requirements that are incongruent with the WIOA system.

H.R. 6585 would first require a state workforce development board to determine whether a short-term program meets three requirements to ensure the program is aligned with industry needs. This is directly aligned with requirements from WIOA and ensures that programs prepare students for in-demand occupations.

Second, the bill requires that an accrediting body determine the short-term program has met another six requirements, ensuring accreditors will play a role in overseeing Workforce Pell Grant programs. In addition to relying on accrediting bodies already recognized by the Department of Education (ED), H.R. 6585 facilitates a streamlined process for new entities to become recognized accreditors solely to oversee Workforce Pell Grant programs. Engaging new accreditors with experience gauging the effectiveness of in-demand skills education will bring a fresh perspective to program monitoring.

Finally, ED would be required to determine if a short-term program meets four additional outcome metrics. To be eligible for funding, a program must have at least a 70 percent job placement rate and a 70 percent completion rate. In addition to these concrete

<sup>17</sup> Baum, supra note 15, at [https://www.urban.org/sites/default/files/publication/103370/should-the-federal-government-fund-short-term-postsecondary-certificate-programs\\_0\\_0.pdf](https://www.urban.org/sites/default/files/publication/103370/should-the-federal-government-fund-short-term-postsecondary-certificate-programs_0_0.pdf)

<sup>18</sup> Public Viewpoint: COVID-19 Work and Education Survey, Strada Center for Consumer Insights, Jun. 24, 2020, <https://stradaeducation.org/wp-content/uploads/2020/06/pv-one-pager-062420.pdf>.

<sup>19</sup> Finding the Right Training, TrainingProviderResults.gov, <https://www.trainingproviderresults.gov/#/about> (last visited Dec. 15, 2023).

<sup>20</sup> Trends in College Pricing and Student Aid 2023, College Board, Nov. 2023, [https://research.collegeboard.org/media/pdf/Trends %20Report%202023%20Updated.pdf](https://research.collegeboard.org/media/pdf/Trends%20Report%202023%20Updated.pdf).

metrics, programs must provide enough of an earnings boost for Workforce Pell Grant recipients one year after graduation to exceed the cost of the program and produce median earnings for Workforce Pell Grant recipients that are not less than a high school graduate in the state for at least two of three recent years. These four measures will be recalculated every year by ED for a program to maintain eligibility. As a result of this three-pronged approach, Workforce Pell Grant programs will have more accountability requirements to meet than all other Title IV programs.

Because of these high guardrails, H.R. 6585 allows all short-term providers, even when delivering education online, to participate if their short-term program meets these accountability measures. Students and workers should have the option to choose the institution and education delivery model that meets their specific needs, especially because eligible programs will have proven they can meet a substantially higher bar than traditional Pell Grants programs. In fact, in order to reach the students and workers demanding short-term relevant education, limiting what types of providers are eligible for Workforce Pell Grants would have a negative effect on meeting our workforce needs.

Demand continues to grow for online education. Between 2012 and 2019, students who chose hybrid and distance education-only grew by 36 percent. Unsurprisingly, the pandemic introduced online learning to almost every student.<sup>21</sup> A 2022 national survey found that the number of high school respondents planning to attend a fully online education provider had doubled from 2020.<sup>22</sup> Online program schedules can often provide more convenience for students, and fully online short-term programs may be especially appropriate for programs in growing fields like cybersecurity, information technology, finance, and software development whose core skillsets involve high levels of computer and technological fluency. Excluding online short-term programs would signal that online education in postsecondary education should not be a delivery model of the future, which runs counter to the trends of industry and American life. To ensure high-quality online education through Workforce Pell Grant programs, H.R. 6585 requires programs to have appropriate levels of engagement between students and faculty during their program commensurate to traditional higher education programs delivered in online settings.

In a similar way, excluding for-profit institutions from Workforce Pell Grants would limit access to institutions that may be the best choice for a student or worker because of location or the types of programs offered. H.R. 6585 promotes access for students by casting a wide net to allow online education and all institutions to serve as Workforce Pell Grant providers.

H.R. 6585 also includes new policies not found in other short-term program legislation to refocus what should be required of an effective short-term postsecondary education program. For example, H.R. 6585 requires a Workforce Pell Grant program to post the

<sup>21</sup>Nadine Diaz-Infante, Michael Lazar, Samvitha Ram, and Austin Ray, Demand for online education is growing. Are providers ready? McKinsey & Company Education, Jul. 20, 2022, <https://www.mckinsey.com/industries/education/our-insights/demand-for-online-education-is-growing-are-providers-ready>.

<sup>22</sup>A Surge in Young Undergrads, Fully Online, Inside Higher Ed, Oct. 13, 2022, <https://www.insidehighered.com/news/2022/10/14/more-traditional-age-students-enroll-fully-online-universities>.

specific competencies a Workforce Pell Grant program provides to its graduates. With more Americans turning towards skills-based education, the credentials these programs award are a vital signal of an individual's mastery of industry-relevant skills and competencies. By facilitating more consistent and transparent information on what competencies a credential provides, employers seeking to implement skills-based hiring will be better able to gauge the skills a worker possesses and determine their ability to perform a job successfully.

#### CONCLUSION

H.R. 6585, the Bipartisan Workforce Pell Act, provides opportunities for students and workers looking to gain skills in high-demand fields by allowing Pell Grants to support students enrolled in high-quality, short-term education programs that will lead to career advancement. Through robust guardrails to measure the value of short-term programs, Workforce Pell Grants will enable a new generation of students to connect with meaningful employment, provide in-demand businesses with more high-skill workers, and reverse the critical worker shortage. H.R. 6585 produces benefits across the economy, taking an important step to align education opportunities to workforce needs.

#### SUMMARY

H.R. 6585 authorizes Pell Grants for short-term programs of at least 150 clock hours of instruction but no more than 600 clock hours, or the equivalent number of credit hours, and offered during a minimum of eight weeks but less than 15 weeks. The bill would require state workforce development boards, accreditors, and the Secretary to determine whether a short-term program has met multiple requirements before a program can become eligible for a Workforce Pell Grant.

#### H.R. 6585 SECTION-BY-SECTION SUMMARY

##### *Section 1. Short title*

##### *Bipartisan Workforce Pell Act*

##### *Section 2. Workforce Pell Grants*

This section authorizes the Department of Education (ED) to award Workforce Pell Grants beginning on July 1, 2025, for the 2025–2026 award year. An eligible student for a Workforce Pell Grant must be enrolled in an eligible workforce program, may not have attained a postgraduate degree, and must otherwise meet the eligibility criteria to receive a Pell Grant.

The grant will have the same terms and conditions and will be awarded in the same manner as other Pell Grants. This includes allowing certain students to receive a Workforce Pell Grant less than the minimum Pell Grant since the grant will be prorated by the program's length. No eligible student may receive both a Workforce Pell Grant and a regular Pell Grant in the same enrollment period. Workforce Pell Grants will count towards a student's lifetime eligibility for the regular Pell Grant.



### *Section 3. Program eligibility for Workforce Pell Grants*

This section adds eligible workforce programs, of at least 150 clock hours of instruction (or an equivalent number of credit hours) but less than 600 clock hours of instruction, offered during a minimum of eight weeks but less than 15 weeks, to the list of eligible programs for the purposes of Title IV. A Workforce Pell Grant program may not be a correspondence course.

In order to be an eligible program, a state workforce board authorized under WIOA must first determine if a program provides education aligned with high-skill, high-wage, or in-demand industry sectors or occupations, meets the hiring requirements of potential in-demand industry or sector employers, and satisfies any applicable educational prerequisite requirement for professional licensure or certification in the state or states in which the program is offered, as applicable.

A recognized accreditor must then determine if the program:

- leads to a recognized postsecondary credential that provides academic credit that is stackable towards one or more certificate or degree programs. Programs that prepare students for occupations where there is only one recognized postsecondary credential do not have to be stackable.
- leads to a recognized postsecondary credential that is portable across more than one employer.
- makes public on the institution website information on the recognized postsecondary credential provided by the program, including any third-party endorsements of the credential, the occupations the credential prepares a student for, the competencies achieved to earn the credential.
- provides a written disclosure to and confirmation of receipt of the disclosure from prospective students.
- ensures students will have access to transcripts for the completed coursework without a fee.
- has been offering instruction for not less than one year before an accreditor determines eligibility.

ED will then determine if a program:

- has a verified completion rate of at least 70 percent, within 150 percent of normal time of completion.
- has a verified job placement rate of at least 70 percent, measured 180 days after completion.
- provides a positive return on investment for students and taxpayers by which the total amount of tuition and fees charged to a Workforce Pell Grant recipient will not exceed the value-added earnings of the recipient one year after he or she completes the program.
  - the value-added earnings metric is calculated as the difference between the median earnings of such students receiving federal financial aid who completed the program and 150 percent of the federal poverty line (FPL) for a single individual, adjusted for the geographic location of the institution offering the program.
  - Example: A program is eligible for Workforce Pell Grants if the value-added earnings are greater than or equal to the tuition and fees charged to Pell Grant recipients.

Value-Added Earnings  $\geq$  Tuition and Fees

Where:

- Median Earnings measured one year after students complete: \$33,870
- 150 percent FPL = \$21,870
- Tuition and Fees: \$10,000

Value-added earnings ( $\$33,870 - \$21,870 = \$12,000$ ) > Tuition and Fees (\$10,000) = PASS

- for at least two of the three most recent award years, the median earnings of Workforce Pell Grant recipients must not be less than the median earnings of a high school graduate in the state in which the program is located.

ED must establish a process allowing programs to submit alternate data for the purpose of gaining initial provisional eligibility and appealing ED data determinations for eligible programs. Programs must submit other local, state, or federal administrative data sources to comply with the program eligibility requirements. If ED determines that such alternative earnings data is inaccurate, the program must return any Workforce Pell Grant funds received during the provisional eligibility period. In the case of determining program eligibility of small programs, ED must aggregate (up to four years of) additional data for a program to obtain sufficient data to maintain student privacy. If this is insufficient to maintain student privacy, ED must aggregate data for students in similar programs. For purposes of publishing the required outcomes data for small programs, ED must aggregate data by the same methods for program eligibility, but if these methods are still insufficient to maintain student privacy, or data is not available or cannot be aggregated, data must be aggregated at the institution level.

If a program meets the requirements of this section, ED must grant eligibility no more than 120 days after ED receives the program's application. After being an eligible workforce program for three years, an institution must use common, linked, open, and interoperable data formats when posting the required information on the institution's website.

#### *Section 4. Data collection and dissemination related to workforce Pell Grants*

This section requires ED to use current administrative data maintained by ED, matched with Internal Revenue Service income data, to implement the data collection requirements and all necessary calculations required by the bill. ED is required to annually collect, verify, and make publicly available on the College Scorecard data related to each Workforce Pell Grant program, except when disclosure of any of the data is prohibited under state or federal privacy laws or regulations. In those cases, ED must make publicly available the data in accordance with those laws and regulations.

#### *Section 5. Accreditation agency determination of eligibility requirements for the Workforce Pell Grants Program*

If a recognized accreditor has or seeks to include within its scope of recognition the evaluation of Workforce Pell Grant programs, then the accreditor must demonstrate to ED that its standards include a process for determining if an institution has the capability to effectively offer a Workforce Pell Grant program and requires that programs satisfy the bill's requirements.

The bill provides an efficient process for prospective accreditors seeking to only evaluate Workforce Pell Grant programs to receive initial recognition by ED. ED is also required to provide technical assistance to any prospective accreditor seeking initial recognition.

During the initial five years following enactment of the bill, a recognized accreditor that seeks to expand its scope of recognition to evaluate Workforce Pell Grant programs must notify ED of its intent to receive interim accreditation authority. The accreditor must also submit documentation to ED that the agency has standards and a process in place for determining if an institution has the capability to meet the requirements to be an eligible Workforce Pell Grant program.

This section requires ED to direct the National Advisory Committee on Institutional Quality and Integrity to hold additional meetings through 2030 to evaluate the recognition of prospective accreditors and the additions to scope for recognized accreditors.

#### *Section 6. Rule of construction*

Nothing in this bill should be construed to impose or increase an occupational licensing or certification requirement on programs participating in Title IV.

#### *Section 7. Agreements with applicable educational institutions*

This section provides mandatory savings for the complete cost of the bill. It prohibits an applicable educational institution, that is subject to an excise tax on investment income of private institutions, from awarding a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford loan, or a Federal Direct Plus Loan to any eligible student. Applicable educational institutions also must not award a Federal Direct Plus Loan to a parent of a Pell Grant recipient. As a condition of receiving funding under the Federal Supplemental Educational Opportunity Grant program, an applicable educational institution must cover the full cost of attendance to Pell Grant recipients at the institution, but institutional aid and other outside grants and scholarships may help cover this cost. An institution must also maintain or increase Pell Grant enrollment each subsequent award year.

#### *Section 8. Authorization of appropriations*

In addition to funds made available for Workforce Pell Grants, this section authorizes \$40 million for fiscal year 2025 and \$30 million for four additional fiscal years for ED to implement the bill.

### EXPLANATION OF AMENDMENTS

The amendments, including the amendment in the nature of a substitute, are explained in the body of this report.

### APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. H.R. 6585 would extend Pell Grant eligibility to high-quality, short-term education programs that provide low-income students and workers opportunities to quickly advance their careers so it does not apply to the Legislative Branch.

## UNFUNDED MANDATE STATEMENT

Pursuant to Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) the Committee adopts as its own the cost estimate being prepared by the Congressional Budget Office (CBO).

## EARMARK STATEMENT

H.R. 6585 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of House Rule XXI.

## ROLL CALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

Date: 12/12/23

**COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE**

Roll Call: 6

Bill: H.R. 6585

Amendment Number: 2A

Disposition: Adopted by a Full Committee Roll Call Vote (37 y - 8 n)

Sponsor/Amendment: Rep. Foxx/ ANS/ Motion to Report ANS

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mrs. FOXX (NC) (Chairwoman)	X			Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)	X			Mr. GRIJALVA (AZ)	X		
Mr. THOMPSON (PA)	X			Mr. COURTEY (CT)	X		
Mr. WALBERG (MI)	X			Mr. SABLON (MP)	X		
Mr. GROTHMAN (WI)		X		Ms. WILSON (FL)		X	
Ms. STEFANIK (NY)	X			Ms. BONAMICI (OR)	X		
Mr. ALLEN (GA)	X			Mr. TAKANO (CA)		X	
Mr. BANKS (IN)	X			Ms. ADAMS (NC)	X		
Mr. COMER (KY)	X			Mr. DESAULNIER (CA)	X		
Mr. SMUCKER (PA)	X			Mr. NORCROSS (NJ)	X		
Mr. OWENS (UT)	X			Ms. JAYAPAL (WA)		X	
Mr. GOOD (VA)		X		Ms. WILD (PA)	X		
Mrs. MCCLAIN (MI)	X			Mrs. MCBATH (GA)	X		
Mrs. MILLER (IL)	X			Mrs. HAYES (CT)	X		
Mrs. STEEL (CA)	X			Ms. OMAR (MN)		X	
Mr. ESTES (KS)	X			Ms. STEVENS (MI)	X		
Ms. LETLOW (LA)	X			Ms. LEGER FERNÁNDEZ (NM)		X	
Mr. KILEY (CA)	X			Ms. MANNING (NC)	X		
Mr. BEAN (FL)	X			Mr. MRVAN (IN)	X		
Mr. BURLISON (MO)	X			Mr. BOWMAN (NY)		X	
Mr. MORAN (TX)	X						
Mr. JAMES (MI)	X						
Ms. CHAVEZ-DEREMER (OR)	X						
Mr. WILLIAMS (NY)	X						
Ms. HOUGHIN (IN)	X						

TOTALS: Ayes: 37

Nos: 8

Not Voting:

Total: 45 / Quorum: 45 / Report:

(25 R - 20 D)

## STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause (3)(c) of House rule XIII, the goal of H.R. 6585, the *Bipartisan Workforce Pell Act*, is to extend Pell Grant eligibility to high-quality, short-term education programs that provide low-income students and workers opportunities to quickly advance their careers.

## DUPLICATION OF FEDERAL PROGRAMS

No provision of H.R. 6585 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

## STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the committee's oversight findings and recommendations are reflected in the body of this report.

## REQUIRED COMMITTEE HEARING

In compliance with clause 3(c)(6) of rule XIII the following hearings held during the 118th Congress were used to develop or consider H.R. 6585: on February 8, 2023, the Committee on Education and the Workforce held a hearing on “American Education in Crisis”; on May 16, 2023, the Committee on Education and the Workforce held a hearing on “Examining the Policies and Priorities of the U.S. Department of Education”; on Thursday June 22, 2023, the Committee on Education and the Workforce held a hearing on “Competencies Over Degrees: Transitioning to a Skills-Based Economy”; and on July 27, 2023, the Committee's Subcommittee on Higher Education and Workforce Development held a hearing on “Lowering the Costs and Increasing Value for Students, Institutions, and Taxpayers.”

## NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has requested but not received a cost estimate for the bill from the Director of the Congressional Budget Office. The Chairwoman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

## COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs

that would be incurred in carrying out H.R. 6585. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when, as with the present report, the Committee has requested a cost estimate for the bill from the Director of the Congressional Budget Office.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

### HIGHER EDUCATION ACT OF 1965

\* \* \* \* \*

## TITLE I—GENERAL PROVISIONS

\* \* \* \* \*

### PART C—COST OF HIGHER EDUCATION

#### SEC. 131. IMPROVEMENTS IN MARKET INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

##### (a) IMPROVED DATA COLLECTION.—

(1) DEVELOPMENT OF UNIFORM METHODOLOGY.—The Secretary shall direct the Commissioner of Education Statistics to convene a series of forums to develop nationally consistent methodologies for reporting costs incurred by postsecondary institutions in providing postsecondary education.

(2) REDESIGN OF DATA SYSTEMS.—On the basis of the methodologies developed pursuant to paragraph (1), the Secretary shall redesign relevant parts of the postsecondary education data systems to improve the usefulness and timeliness of the data collected by such systems.

(3) INFORMATION TO INSTITUTIONS.—The Commissioner of Education Statistics shall—

(A) develop a standard definition for the following data elements:

(i) tuition and fees for a full-time undergraduate student;

(ii) cost of attendance for a full-time undergraduate student, consistent with the provisions of section 472;

(iii) average amount of financial assistance received by an undergraduate student who attends an institution of higher education, including—

(I) each type of assistance or benefit described in section 428(a)(2)(C)(ii);

(II) fellowships; and

(III) institutional and other assistance; and

(iv) number of students receiving financial assistance described in each of subclauses (I), (II), and (III) of clause (iii);

(B) not later than 90 days after the date of enactment of the Higher Education Amendments of 1998, report the definitions to each institution of higher education and within a reasonable period of time thereafter inform the authorizing committees of those definitions; and

(C) collect information regarding the data elements described in subparagraph (A) with respect to at least all institutions of higher education participating in programs under title IV, beginning with the information from academic year 2000–2001 and annually thereafter.

(b) DATA DISSEMINATION.—The Secretary shall make available the data collected pursuant to subsection (a). Such data shall be available in a form that permits the review and comparison of the data submissions of individual institutions of higher education. Such data shall be presented in a form that is easily understandable and allows parents and students to make informed decisions based on the costs for typical full-time undergraduate students.

(c) STUDY.—

(1) IN GENERAL.—The Commissioner of Education Statistics shall conduct a national study of expenditures at institutions of higher education. Such study shall include information with respect to—

(A) the change in tuition and fees compared with the consumer price index and other appropriate measures of inflation;

(B) faculty salaries and benefits;

(C) administrative salaries, benefits and expenses;

(D) academic support services;

(E) research;

(F) operations and maintenance; and

(G) institutional expenditures for construction and technology and the potential cost of replacing instructional buildings and equipment.

(2) EVALUATION.—The study shall include an evaluation of—

(A) changes over time in the expenditures identified in paragraph (1);

(B) the relationship of the expenditures identified in paragraph (1) to college costs; and

(C) the extent to which increases in institutional financial aid and tuition discounting practices affect tuition increases, including the demographics of students receiving such discounts, the extent to which financial aid is provided to students with limited need in order to attract a student to a particular institution, and the extent to which Federal financial aid, including loan aid, has been used to offset the costs of such practices.

(3) FINAL REPORT.—The Commissioner of Education Statistics shall submit a report regarding the findings of the study required by paragraph (1) to the appropriate committees of Congress not later than September 30, 2002.

(4) HIGHER EDUCATION MARKET BASKET.—The Bureau of Labor Statistics, in consultation with the Commissioner of



Education Statistics, shall develop a higher education market basket that identifies the items that comprise the costs of higher education. The Bureau of Labor Statistics shall provide a report on the market basket to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 2002.

(5) FINES.—In addition to actions authorized in section 487(c), the Secretary may impose a fine in an amount not to exceed \$25,000 on an institution of higher education for failing to provide the information described in paragraph (1) in a timely and accurate manner, or for failing to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data on the cost of higher education under this section and pursuant to the program participation agreement entered into under section 487.

(d) PROMOTION OF THE DEPARTMENT OF EDUCATION FEDERAL STUDENT FINANCIAL AID WEBSITE.—The Secretary shall display a link to the Federal student financial aid website of the Department in a prominent place on the homepage of the Department's website.

(e) ENHANCED STUDENT FINANCIAL AID INFORMATION.—

(1) IMPLEMENTATION.—The Secretary shall continue to improve the usefulness and accessibility of the information provided by the Department on college planning and student financial aid.

(2) DISSEMINATION.—The Secretary shall continue to make the availability of the information on the Federal student financial aid website of the Department widely known, through a major media campaign and other forms of communication.

(3) COORDINATION.—As a part of the efforts required under this subsection, the Secretary shall create one website accessible from the Department's website that fulfills the requirements under subsections (b), (f), and (g).

(f) IMPROVED AVAILABILITY AND COORDINATION OF INFORMATION CONCERNING STUDENT FINANCIAL AID PROGRAMS FOR MILITARY MEMBERS AND VETERANS.—

(1) COORDINATION.—The Secretary, in coordination with the Secretary of Defense and the Secretary of Veterans Affairs, shall create a searchable website that—

(A) contains information, in simple and understandable terms, about all Federal and State student financial assistance, readmission requirements under section 484C, and other student services, for which members of the Armed Forces (including members of the National Guard and Reserves), veterans, and the dependents of such members or veterans may be eligible; and

(B) is easily accessible through the website described in subsection (e)(3).

(2) IMPLEMENTATION.—Not later than one year after the date of enactment of the Higher Education Opportunity Act, the Secretary shall make publicly available the Armed Forces information website described in paragraph (1).

(3) DISSEMINATION.—The Secretary, in coordination with the Secretary of Defense and the Secretary of Veterans Affairs, shall make the availability of the Armed Forces information

website described in paragraph (1) widely known to members of the Armed Forces (including members of the National Guard and Reserves), veterans, the dependents of such members or veterans, States, institutions of higher education, and the general public.

(4) DEFINITION.—In this subsection, the term “Federal and State student financial assistance” means any grant, loan, work assistance, tuition assistance, scholarship, fellowship, or other form of financial aid for pursuing a postsecondary education that is—

(A) administered, sponsored, or supported by the Department of Education, the Department of Defense, the Department of Veterans Affairs, or a State; and

(B) available to members of the Armed Forces (including members of the National Guard and Reserves), veterans, or the dependents of such members or veterans.

(g) PROMOTION OF AVAILABILITY OF INFORMATION CONCERNING OTHER STUDENT FINANCIAL AID PROGRAMS.—

(1) DEFINITION.—For purposes of this subsection, the term “nondepartmental student financial assistance program” means any grant, loan, scholarship, fellowship, or other form of financial aid for students pursuing a postsecondary education that is—

(A) distributed directly to the student or to the student’s account at an institution of higher education; and

(B) operated, sponsored, or supported by a Federal department or agency other than the Department of Education.

(2) AVAILABILITY OF OTHER STUDENT FINANCIAL AID INFORMATION.—The Secretary shall ensure that—

(A) not later than 90 days after the Secretary receives the information required under paragraph (3), the eligibility requirements, application procedures, financial terms and conditions, and other relevant information for each nondepartmental student financial assistance program are searchable and accessible through the Federal student financial aid website in a manner that is simple and understandable for students and the students’ families; and

(B) the website displaying the information described in subparagraph (A) includes a link to the National Database on Financial Assistance for the Study of Science, Technology, Engineering, and Mathematics pursuant to paragraph (4), and the information on military benefits under subsection (f), once such Database and information are available.

(3) NONDEPARTMENTAL STUDENT FINANCIAL ASSISTANCE PROGRAMS.—The Secretary shall request all Federal departments and agencies to provide the information described in paragraph (2)(A), and each Federal department or agency shall—

(A) promptly respond to surveys or other requests from the Secretary for the information described in such paragraph; and

(B) identify for the Secretary any nondepartmental student financial assistance program operated, sponsored, or supported by such Federal department or agency.

## (4) NATIONAL STEM DATABASE.—

(A) IN GENERAL.—The Secretary shall establish and maintain, on the website described in subsection (e)(3), a National Database on Financial Assistance for the Study of Science, Technology, Engineering, and Mathematics (in this paragraph referred to as the “STEM Database”). The STEM Database shall consist of information on scholarships, fellowships, and other programs of Federal, State, local, and, to the maximum extent practicable, private financial assistance available for the study of science, technology, engineering, or mathematics at the postsecondary and postbaccalaureate levels.

(B) DATABASE CONTENTS.—The information maintained on the STEM Database shall be displayed on the website in the following manner:

(i) SEPARATE INFORMATION.—The STEM Database shall provide separate information for each of the fields of science, technology, engineering, and mathematics, and for postsecondary and postbaccalaureate programs of financial assistance.

(ii) INFORMATION ON TARGETED ASSISTANCE.—The STEM Database shall provide specific information on any program of financial assistance that is targeted to individuals based on financial need, merit, or student characteristics.

(iii) CONTACT AND WEBSITE INFORMATION.—The STEM Database shall provide—

(I) standard contact information that an interested person may use to contact a sponsor of any program of financial assistance included in the STEM Database; and

(II) if such sponsor maintains a public website, a link to the website.

(iv) SEARCH AND MATCH CAPABILITIES.—The STEM Database shall—

(I) have a search capability that permits an individual to search for information on the basis of each category of the information provided through the STEM Database and on the basis of combinations of categories of the information provided, including—

(aa) whether the financial assistance is need- or merit-based; and

(bb) by relevant academic majors; and

(II) have a match capability that—

(aa) searches the STEM Database for all financial assistance opportunities for which an individual may be qualified to apply, based on the student characteristics provided by such individual; and

(bb) provides information to an individual for only those opportunities for which such individual is qualified, based on the student characteristics provided by such individual.

(v) RECOMMENDATION AND DISCLAIMER.—The STEM Database shall provide, to the users of the STEM Database—

(I) a recommendation that students and families should carefully review all of the application requirements prior to applying for any aid or program of student financial assistance; and

(II) a disclaimer that the non-Federal programs of student financial assistance presented in the STEM Database are not provided or endorsed by the Department or the Federal Government.

(C) COMPILATION OF FINANCIAL ASSISTANCE INFORMATION.—In carrying out this paragraph, the Secretary shall—

(i) consult with public and private sources of scholarships, fellowships, and other programs of student financial assistance; and

(ii) make easily available a process for such entities to provide regular and updated information about the scholarships, fellowships, or other programs of student financial assistance.

(D) CONTRACT AUTHORIZED.—In carrying out the requirements of this paragraph, the Secretary is authorized to enter into a contract with a private entity with demonstrated expertise in creating and maintaining databases such as the one required under this paragraph, under which contract the entity shall furnish, and regularly update, all of the information required to be maintained on the STEM Database.

(5) DISSEMINATION OF INFORMATION.—The Secretary shall take such actions, on an ongoing basis, as may be necessary to disseminate information under this subsection and to encourage the use of the information by interested parties, including sending notices to secondary schools and institutions of higher education.

(h) NO USER FEES FOR DEPARTMENT FINANCIAL AID WEBSITES.—No fee shall be charged to any individual to access—

(1) a database or website of the Department that provides information about higher education programs or student financial assistance, including the College Navigator website (or successor website) and the websites and databases described in this section and section 132; or

(2) information about higher education programs or student financial assistance available through a database or website of the Department.

(i) DATA COLLECTION AND DISSEMINATION RELATED TO WORKFORCE PELL.—

(1) PRIMARY DATA SOURCE.—*The Secretary shall use data from the National Student Loan Data System or administrative data maintained by the Department, matched with Internal Revenue Service income data to collect data and make calculations in accordance with this subsection and section 481(b)(3).*

(2) PUBLICATION.—*The Secretary shall, on an annual basis, collect, verify, and make publicly available on the College Scorecard website (or any similar successor website), the information*

required under section 481(b)(3)(A)(v), with respect to each eligible program under section 481(b)(3) (hereinafter referred to as an “eligible workforce program”), including—

- (A) the length of the program (as measured in clock hours, credit hours, or weeks);
  - (B) the required tuition and fees of the program;
  - (C) the difference between the required tuition and fees described in section 481(b)(3)(A)(v)(III) and median amount of grant aid (which does not need to be repaid) provided to students receiving Workforce Pell Grants, disaggregated by source of such grant aid;
  - (D) the median earnings of students as such term is defined in section 481(b)(3)(E);
  - (E) the median earnings of students who did not complete the program and received Federal financial assistance under this title;
  - (F) the ratio of the amount described in subparagraph (C) to the value-added earnings (as such term is defined in section 481(b)(3)(E)) of students and an explanation, in clear and plain language, of this ratio;
  - (G) in the case of a program that prepares students for a professional licensure or certification examination, the share of such students who pass such examinations;
  - (H) the number of students enrolled in the program during the most recent academic year for which data is available;
  - (I) the percentage of students who enroll in the program and who complete the program within—
    - (i) 100 percent of the normal time for completion of such program;
    - (ii) 150 percent of the normal time for completion of such program; and
    - (iii) 200 percent of the normal time for completion of such program;
  - (J) the percentage of students who are employed not later than 180 days and 1 year, respectively, after completing the program;
  - (K) the percentage of individuals—
    - (i) who have completed such program; and
    - (ii) 1 year after such completion, whose median earnings exceed 150 percent of the poverty line applicable to a single individual, as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2));
  - (L) the percentage of students who enroll in a certificate or degree program at any institution of higher education within 1 year of completing such program; and
  - (M) the percentage of students who complete a subsequent certificate or degree program at any institution of higher education within 6 years of completing such program.
- (3) DATA DISAGGREGATION.—The information in subparagraphs (D), (E), and (H) through (M) shall be disaggregated by—

- (A) sex;
- (B) race and ethnicity;

(C) income quintile, as defined by the Secretary; and  
 (D) status as a recipient of a Workforce Pell Grant.

(4) *EXCEPTIONS.*—Notwithstanding any other provision of this subsection, if disclosure of any data under paragraph (1) is prohibited under State or Federal privacy laws or regulations, the Secretary shall take the steps described in paragraph (5), and any other steps determined by the Secretary to be necessary to make publicly available such data in accordance with such laws and regulations.

(5) *SMALL PROGRAMS.*—

(A) *AGGREGATION.*—For purposes of publishing the information described in this subsection with respect to an eligible workforce program, for any year for which the number of students is determined by the Secretary to be of insufficient size to maintain the privacy of student data, the Secretary shall, to obtain data for a sufficient number of students to maintain student privacy—

(i) aggregate up to 4 years of additional data for such program;

(ii) only if the aggregated data under clause (i) is insufficient to maintain student privacy or cannot be aggregated, aggregate data for students who completed or were enrolled in, as applicable, similar programs at the institution (as determined using the first 4 digits of the CIP codes); or

(iii) only if the aggregated data under clause (ii) is insufficient to maintain student privacy or cannot be aggregated, aggregate data with respect to all students who completed or were enrolled in, as applicable, any program of the institution of the same credential level, in lieu of data specific to students in such program.

(B) *NOTIFICATION OF AGGREGATION.*—The Secretary shall prominently indicate whether data published under this subsection has been aggregated in accordance with subparagraph (A).

(C) *CIP CODE DEFINED.*—For purposes of this paragraph, the term “CIP code” means the 6-digit taxonomic identification code assigned by an institution of higher education to a specific program of study at the institution, determined by the institution in accordance with the Classification of Instructional Programs published by the National Center for Education Statistics.

\* \* \* \* \*

#### TITLE IV—STUDENT ASSISTANCE

##### PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

\* \* \* \* \*

## Subpart 1—Federal Pell Grants

### SEC. 401. FEDERAL PELL GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS.

(a) PROGRAM AUTHORITY AND METHOD OF DISTRIBUTION.—(1) For each fiscal year through fiscal year 2017, the Secretary shall pay to each eligible institution such sums as may be necessary to pay to each eligible student (defined in accordance with section 484) for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a Federal Pell Grant in the amount for which that student is eligible, as determined pursuant to subsection (b). Not less than 85 percent of such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in an accurate and timely manner, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system of payment.

(2) Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to students, in advance of the beginning of the academic term, an amount for which they are eligible, in cases where the eligible institution elects not to participate in the disbursement system required by paragraph (1).

(3) Grants made under this subpart shall be known as “Federal Pell Grants”.

(b) PURPOSE AND AMOUNT OF GRANTS.—(1) The purpose of this subpart is to provide a Federal Pell Grant that in combination with reasonable family and student contribution and supplemented by the programs authorized under subparts 3 and 4 of this part, will meet at least 75 percent of a student’s cost of attendance (as defined in section 472), unless the institution determines that a greater amount of assistance would better serve the purposes of this section.

(2)

(A) The amount of the Federal Pell Grant for a student eligible under this part shall be—

(i) the maximum Federal Pell Grant, as specified in the last enacted appropriation Act applicable to that award year, plus

(ii) the amount of the increase calculated under paragraph (7)(B) for that year, less

(iii) an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.

(B) In any case where a student attends an institution of higher education on less than a full-time basis (including a student who attends an institution of higher education on less than a half-time basis) during any academic year, the amount of the Federal Pell Grant to which that student is entitled shall be reduced in proportion to the degree to which that student is not so attending on a full-time basis, in accordance with a schedule of reductions established by the Secretary for the purposes of this division, computed

in accordance with this subpart. Such schedule of reductions shall be established by regulation and published in the Federal Register in accordance with section 482 of this Act.

(3) No Federal Pell Grant under this subpart shall exceed the difference between the expected family contribution for a student and the cost of attendance (as defined in section 472) at the institution at which that student is in attendance. If, with respect to any student, it is determined that the amount of a Federal Pell Grant plus the amount of the expected family contribution for that student exceeds the cost of attendance for that year, the amount of the Federal Pell Grant shall be reduced until the combination of expected family contribution and the amount of the Federal Pell Grant does not exceed the cost of attendance at such institution.

(4) No Federal Pell Grant shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this subsection for any academic year is less than ten percent of the maximum amount of a Federal Pell Grant award determined under paragraph (2)(A) for such academic year.

(5) Notwithstanding any other provision of this subpart, the Secretary shall allow the amount of the Federal Pell Grant to be exceeded for students participating in a program of study abroad approved for credit by the institution at which the student is enrolled when the reasonable costs of such program are greater than the cost of attendance at the student's home institution, except that the amount of such Federal Pell Grant in any fiscal year shall not exceed the maximum amount of a Federal Pell Grant award determined under paragraph (2)(A), for which a student is eligible during such award year. If the preceding sentence applies, the financial aid administrator at the home institution may use the cost of the study abroad program, rather than the home institution's cost, to determine the cost of attendance of the student.

(6) No Federal Pell Grant shall be awarded under this subpart to any individual who is incarcerated in any Federal or State penal institution or who is subject to an involuntary civil commitment upon completion of a period of incarceration for a forcible or nonforcible sexual offense (as determined in accordance with the Federal Bureau of Investigation's Uniform Crime Reporting Program).

(7) ADDITIONAL FUNDS.—

(A) IN GENERAL.—There are authorized to be appropriated, and there are appropriated (in addition to any other amounts appropriated to carry out this section and out of any money in the Treasury not otherwise appropriated) the following amounts—

- (i) \$2,030,000,000 for fiscal year 2008;
- (ii) \$2,090,000,000 for fiscal year 2009;
- (iii) to carry out subparagraph (B) of this paragraph, such sums as may be necessary for fiscal year 2010 and each subsequent fiscal year to provide the amount of increase of the maximum Federal Pell Grant required by clauses (ii) and (iii) of subparagraph (B); and
- (iv) to carry out this section—
  - (I) \$13,500,000,000 for fiscal year 2011;
  - (II) \$13,795,000,000 for fiscal year 2012;
  - (III) \$7,587,000,000 for fiscal year 2013;
  - (IV) \$588,000,000 for fiscal year 2014;



- (V) \$0 for fiscal year 2015;
- (VI) \$0 for fiscal year 2016;
- (VII) \$1,320,000,000 for fiscal year 2017;
- (VIII) \$1,334,000,000 for fiscal year 2018;
- (IX) \$1,370,000,000 for fiscal year 2019;
- (X) \$1,455,000,000 for fiscal year 2020; and
- (XI) \$1,170,000,000 for fiscal year 2021 and each succeeding fiscal year.

(B) INCREASE IN FEDERAL PELL GRANTS.—The amounts made available pursuant to clauses (i) through (iii) of subparagraph (A) of this paragraph shall be used to increase the amount of the maximum Federal Pell Grant for which a student shall be eligible during an award year, as specified in the last enacted appropriation Act applicable to that award year, by—

- (i) \$490 for each of the award years 2008–2009 and 2009–2010;
- (ii) \$690 for each of the award years 2010–2011, 2011–2012, and 2012–2013; and
- (iii) the amount determined under subparagraph (C) for each succeeding award year.

(C) ADJUSTMENT AMOUNTS.—

(i) AWARD YEAR 2013–2014.—For award year 2013–2014, the amount determined under this subparagraph for purposes of subparagraph (B)(iii) shall be equal to—

(I) \$5,550 or the total maximum Federal Pell Grant for the preceding award year (as determined under clause (iv)(II)), whichever is greater, increased by a percentage equal to the annual adjustment percentage for award year 2013–2014, reduced by

(II) \$4,860 or the maximum Federal Pell Grant for which a student was eligible for the preceding award year, as specified in the last enacted appropriation Act applicable to that year, whichever is greater; and

(III) rounded to the nearest \$5.

(ii) AWARD YEARS 2014–2015 THROUGH 2017–2018.—For each of the award years 2014–2015 through 2017–2018, the amount determined under this subparagraph for purposes of subparagraph (B)(iii) shall be equal to—

(I) the total maximum Federal Pell Grant for the preceding award year (as determined under clause (iv)(II)), increased by a percentage equal to the annual adjustment percentage for the award year for which the amount under this subparagraph is being determined, reduced by

(II) \$4,860 or the maximum Federal Pell Grant for which a student was eligible for the preceding award year, as specified in the last enacted appropriation Act applicable to that year, whichever is greater; and

(III) rounded to the nearest \$5.

(iii) SUBSEQUENT AWARD YEARS.—For award year 2018–2019 and each subsequent award year, the amount determined under this subparagraph for purposes of subparagraph (B)(iii) shall be equal to the amount determined under clause (ii) for award year 2017–2018.

(iv) DEFINITIONS.—For purposes of this subparagraph—

(I) the term “annual adjustment percentage” as applied to an award year, is equal to the estimated percentage change in the Consumer Price Index (as determined by the Secretary, using the definition in section 478(f)) for the most recent calendar year ending prior to the beginning of that award year; and

(II) the term “total maximum Federal Pell Grant” as applied to a preceding award year, is equal to the sum of—

(aa) the maximum Federal Pell Grant for which a student is eligible during an award year, as specified in the last enacted appropriation Act applicable to that preceding award year; and

(bb) the amount of the increase in the maximum Federal Pell Grant required by this paragraph for that preceding award year.

(D) PROGRAM REQUIREMENTS AND OPERATIONS OTHERWISE UNAFFECTED.—Except as provided in subparagraphs (B) and (C), nothing in this paragraph shall be construed to alter the requirements and operations of the Federal Pell Grant Program as authorized under this section, or authorize the imposition of additional requirements or operations for the determination and allocation of Federal Pell Grants under this section.

(E) RATABLE INCREASES AND DECREASES.—The amounts specified in subparagraph (B) shall be ratably increased or decreased to the extent that funds available under subparagraph (A) exceed or are less than (respectively) the amount required to provide the amounts specified in subparagraph (B).

(F) AVAILABILITY OF FUNDS.—The amounts made available by subparagraph (A) for any fiscal year shall be available beginning on October 1 of that fiscal year, and shall remain available through September 30 of the succeeding fiscal year.

(8)(A) Effective in the 2017–2018 award year and thereafter, the Secretary shall award an eligible student not more than one and one-half Federal Pell Grants during a single award year to permit such student to work toward completion of an eligible program if, during that single award year, the student—

(i) has received a Federal Pell Grant for an award year and is enrolled in an eligible program for one or more additional payment periods during the same

award year that are not otherwise fully covered by the student's Federal Pell Grant; and

(ii) is enrolled on at least a half-time basis while receiving any funds under this section.

(B) In the case of a student receiving more than one Federal Pell Grant in a single award year under subparagraph (A), the total amount of Federal Pell Grants awarded to such student for the award year may exceed the maximum basic grant level specified in the appropriate appropriations Act for such award year.

(C) Any period of study covered by a Federal Pell Grant awarded under subparagraph (A) shall be included in determining a student's duration limit under subsection (c)(5).

(D) In any case where an eligible student is receiving a Federal Pell Grant for a payment period that spans two award years, the Secretary shall allow the eligible institution in which the student is enrolled to determine the award year to which the additional period shall be assigned, as it determines is most beneficial to students.

(c) PERIOD OF ELIGIBILITY FOR GRANTS.—(1) The period during which a student may receive Federal Pell Grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student at the institution at which the student is in attendance except that any period during which the student is enrolled in a noncredit or remedial course of study as defined in paragraph (2) shall not be counted for the purpose of this paragraph.

(2) Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the institution to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of courses in English language instruction, to be necessary to enable the student to utilize already existing knowledge, training, or skills. Nothing in this section shall exclude from eligibility programs of study abroad that are approved for credit by the home institution at which the student is enrolled.

(3) No student is entitled to receive Pell Grant payments concurrently from more than one institution or from the Secretary and an institution.

(4) Notwithstanding paragraph (1), the Secretary may allow, on a case-by-case basis, a student to receive a basic grant if the student—

(A) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education; and

(B) is enrolled or accepted for enrollment in a postbaccalaureate program that does not lead to a graduate degree, and in courses required by a State in order for the student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary school in that State,

except that this paragraph shall not apply to a student who is enrolled in an institution of higher education that offers a baccalaureate degree in education.

(5) The period during which a student may receive Federal Pell Grants shall not exceed 12 semesters, or the equivalent of 12 semesters, as determined by the Secretary by regulation. Such regulations shall provide, with respect to a student who received a Federal Pell Grant for a term but was enrolled at a fraction of full-time, that only that same fraction of such semester or equivalent shall count towards such duration limits.

(d) APPLICATIONS FOR GRANTS.—(1) The Secretary shall from time to time set dates by which students shall file applications for Federal Pell Grants under this subpart.

(2) Each student desiring a Federal Pell Grant for any year shall file an application therefor containing such information and assurances as the Secretary may deem necessary to enable the Secretary to carry out the functions and responsibilities of this subpart.

(e) DISTRIBUTION OF GRANTS TO STUDENTS.—Payments under this section shall be made in accordance with regulations promulgated by the Secretary for such purpose, in such manner as will best accomplish the purpose of this section. Any disbursement allowed to be made by crediting the student's account shall be limited to tuition and fees and, in the case of institutionally owned housing, room and board. The student may elect to have the institution provide other such goods and services by crediting the student's account.

(f) CALCULATION OF ELIGIBILITY.—(1) Each contractor processing applications for awards under this subpart (including a central processor, if any, designated by the Secretary) shall, in a timely manner, furnish to the student financial aid administrator (at each institution of higher education which a student awarded a Federal Pell Grant under this subpart is attending), as a part of its regular output document, the expected family contribution for each such student. Each such student financial aid administrator shall—

(A) examine and assess the data used to calculate the expected family contribution of the student furnished pursuant to this subsection;

(B) recalculate the expected family contribution of the student if there has been a change in circumstances of the student or in the data submitted;

(C) make the award to the student in the correct amount; and

(D) after making such award report the corrected data to such contractor and to a central processor (if any) designated by the Secretary for a confirmation of the correct computation of amount of the expected family contribution for each such student.

(2) Whenever a student receives an award under this subpart that, due to recalculation errors by the institution of higher education, is in excess of the amount which the student is entitled to receive under this subpart, such institution of higher education shall pay to the Secretary the amount of such excess unless such excess can be resolved in a subsequent disbursement to the institution.

(3) Each contractor processing applications for awards under this subpart shall for each academic year after academic year 1986–1987 prepare and submit a report to the Secretary on the correctness of the computations of amount of the expected family contribution, and on the accuracy of the questions on the application form under this subpart for the previous academic year for which the contractor is responsible. The Secretary shall transmit the report, together with the comments and recommendations of the Secretary, to the Committee on Appropriations of the Senate, the Committee on Appropriations of the House of Representatives, and the authorizing committees.

(g) INSUFFICIENT APPROPRIATIONS.—If, for any fiscal year, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (b) (but at the maximum grant level specified in such appropriation), the Secretary shall promptly transmit a notice of such insufficiency to each House of the Congress, and identify in such notice the additional amount that would be required to be appropriated to satisfy fully all entitlements (as so calculated at such maximum grant level).

(h) USE OF EXCESS FUNDS.—(1) If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by 15 percent or less, then all of the excess funds shall remain available for making payments under this subpart during the next succeeding fiscal year.

(2) If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by more than 15 percent, then all of such funds shall remain available for making such payments but payments may be made under this paragraph only with respect to entitlements for that fiscal year.

(i) TREATMENT OF INSTITUTIONS AND STUDENTS UNDER OTHER LAWS.—Any institution of higher education which enters into an agreement with the Secretary to disburse to students attending that institution the amounts those students are eligible to receive under this subpart shall not be deemed, by virtue of such agreement, a contractor maintaining a system of records to accomplish a function of the Secretary. Recipients of Pell Grants shall not be considered to be individual grantees for purposes of subtitle D of title V of Public Law 100–690.

(j) INSTITUTIONAL INELIGIBILITY BASED ON DEFAULT RATES.—

(1) IN GENERAL.—No institution of higher education shall be an eligible institution for purposes of this subpart if such institution of higher education is ineligible to participate in a loan program under part B or D as a result of a final default rate determination made by the Secretary under part B or D after the final publication of cohort default rates for fiscal year 1996 or a succeeding fiscal year.

(2) SANCTIONS SUBJECT TO APPEAL OPPORTUNITY.—No institution may be subject to the terms of this subsection unless the institution has had the opportunity to appeal the institution's default rate determination under regulations issued by the Secretary for the loan program authorized under part B or D, as applicable. This subsection shall not apply to an institution

that was not participating in the loan program authorized under part B or D on the date of enactment of the Higher Education Amendments of 1998, unless the institution subsequently participates in the loan programs.

*(k) WORKFORCE PELL GRANT PROGRAM.—*

*(1) IN GENERAL.—For the award year beginning on July 1, 2025, and each subsequent award year, the Secretary shall award grants (to be known as “Workforce Pell Grants”) to eligible students under paragraph (2) in accordance with this subsection.*

*(2) ELIGIBLE STUDENTS.—To be eligible to receive a Workforce Pell Grant under this subsection for any period of enrollment, a student shall meet the eligibility requirements for a Federal Pell Grant under this section, except that the student—*

*(A) shall be enrolled, or accepted for enrollment, in an eligible program under section 481(b)(3) (hereinafter referred to as an “eligible workforce program”); and*

*(B) may not—*

*(i) be enrolled, or accepted for enrollment, in a program of study that leads to a master’s degree, doctoral degree, or other post-graduate degree; or*

*(ii) have attained such a degree.*

*(3) TERMS AND CONDITIONS OF AWARDS.—The Secretary shall award Workforce Pell Grants under this subsection in the same manner and with the same terms and conditions as the Secretary awards Federal Pell Grants under this section, except that—*

*(A) each use of the term “eligible program” shall be substituted by “eligible workforce program under section 481(b)(3)”, other than with respect to—*

*(i) paragraph (9)(A) of such subsection; and*

*(ii) subsection (d)(2); and*

*(B) a student who is eligible for a grant equal to less than the amount of the minimum Federal Pell Grant because the eligible workforce program in which the student is enrolled or accepted for enrollment is less than an academic year (in hours of instruction or weeks of duration) may still be eligible for a Workforce Pell Grant in an amount that is prorated based on the length of the program.*

*(4) PREVENTION OF DOUBLE BENEFITS.—No eligible student described in paragraph (2) may concurrently receive a grant under both this subsection and—*

*(A) subsection (b); or*

*(B) subsection (c).*

*(5) DURATION LIMIT.—Any period of study covered by a Workforce Pell Grant awarded under this subsection shall be included in determining a student’s duration limit under subsection (d)(5).*

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SUBPART 3—FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

\* \* \* \* \*

**SEC. 413C. AGREEMENTS WITH INSTITUTIONS; SELECTION OF RECIPIENTS.**

(a) **INSTITUTIONAL ELIGIBILITY.**—**Assistance may**

(1) *IN GENERAL.*—*Assistance may be made available under this subpart only to an institution which—*

[(1)] (A) has, in accordance with section 487, an agreement with the Secretary applicable to this subpart;

[(2)] (B) agrees that the Federal share of awards under this subpart will not exceed 75 percent of such awards, except that the Federal share may be exceeded if the Secretary determines, pursuant to regulations establishing objective criteria for such determinations, that a larger Federal share is required to further the purpose of this subpart; and

[(3)] (C) agrees that the non-Federal share of awards made under this subpart shall be made from the institution's own resources, including—

[(A)] (i) institutional grants and scholarships;

[(B)] (ii) tuition or fee waivers;

[(C)] (iii) State scholarships; and

[(D)] (iv) foundation or other charitable organization funds.

(2) *EXCEPTION.*—*In addition to the requirements under paragraph (1), for the award year beginning on July 1, 2024 and each subsequent award year, an institution that is an applicable educational institution that is an organization subject to taxation under section 4968 of the Internal Revenue Code of 1986, may only receive assistance under this subpart if such institution guarantees that, for each such award year—*

(A) *the total amount of grants and scholarships, including other financial assistance not received under this title as defined in section 480(i), awarded to a student who receives a Federal Pell Grant under this title shall not be less than the student's cost of attendance (as defined in section 472); and*

(B) *the percentage of students enrolled at such institution who are eligible for a Federal Pell grant will be equal to or greater than the percentage of students who were enrolled at such institution and were eligible for a Federal Pell grant in the award year during which the Bipartisan Workforce Pell Act was enacted.*

(b) **ELIGIBILITY FOR SELECTION.**—Awards may be made under this subpart only to a student who—

(1) is an eligible student under section 484; and

(2) makes application at a time and in a manner consistent with the requirements of the Secretary and that institution.

(c) **SELECTION OF INDIVIDUALS AND DETERMINATION OF AMOUNT OF AWARDS.**—(1) From among individuals who are eligible for supplemental grants for each fiscal year, the institution shall, in accordance with the agreement under section 487, and within the amount allocated to the institution for that purpose for that year under section 413D, select individuals who are to be awarded such grants and determine, in accordance with section 413B, the amounts to be paid to them.

(2)(A) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 487, assure that the selection procedures—

(i) will be designed to award supplemental grants under this subpart, first, to students with exceptional need, and

(ii) will give a priority for supplemental grants under this subpart to students who receive Pell Grants and meet the requirements of section 484.

(B) For the purpose of subparagraph (A), the term “students with exceptional need” means students with the lowest expected family contributions at the institution.

(d) **USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.**—If the institution’s allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are independent students or attending the institution on less than a full-time basis, then a reasonable proportion of the allocation shall be made available to such students.

(e) **USE AND TRANSFER OF FUNDS FOR ADMINISTRATIVE EXPENSES.**—An agreement entered into pursuant to this section shall provide that funds granted to an institution of higher education may be used only to make payments to students participating in a grant program authorized under this subpart, except that an institution may use a portion of the sums allocated to it under this subpart to meet administrative expenses in accordance with section 489 of this title.

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## **PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM**

\* \* \* \* \*

### **SEC. 454. AGREEMENTS WITH INSTITUTIONS.**

(a) **PARTICIPATION AGREEMENTS.**—An agreement with any institution of higher education for participation in the direct student loan program under this part shall—

(1) provide for the establishment and maintenance of a direct student loan program at the institution under which the institution will—

(A) identify eligible students who seek student financial assistance at such institution in accordance with section 484;

(B) estimate the need of each such student as required by part F of this title for an academic year, except that, any loan obtained by a student under this part with the same terms as loans made under section 428H (except as otherwise provided in this part), or a loan obtained by a parent under this part with the same terms as loans made under section 428B (except as otherwise provided in this part), or obtained under any State-sponsored or private loan program, may be used to offset the expected family contribution of the student for that year;

(C) provide a statement that certifies the eligibility of any student to receive a loan under this part that is not in excess of the annual or aggregate limit applicable to



such loan, except that the institution may, in exceptional circumstances identified by the Secretary, refuse to certify a statement that permits a student to receive a loan under this part, or certify a loan amount that is less than the student's determination of need (as determined under part F of this title), if the reason for such action is documented and provided in written form to such student;

(D) set forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; and

(E) provide timely and accurate information—

(i) concerning the status of student borrowers (and students on whose behalf parents borrow under this part) while such students are in attendance at the institution and concerning any new information of which the institution becomes aware for such students (or their parents) after such borrowers leave the institution, to the Secretary for the servicing and collecting of loans made under this part; and

(ii) if the institution does not have an agreement with the Secretary under subsection (b), concerning student eligibility and need, as determined under subparagraphs (A) and (B), to the Secretary as needed for the alternative origination of loans to eligible students and parents in accordance with this part;

(2) provide assurances that the institution will comply with requirements established by the Secretary relating to student loan information with respect to loans made under this part;

(3) provide that the institution accepts responsibility and financial liability stemming from its failure to perform its functions pursuant to the agreement;

(4) provide for the implementation of a quality assurance system, as established by the Secretary and developed in consultation with institutions of higher education, to ensure that the institution is complying with program requirements and meeting program objectives;

(5) provide that the institution will not charge any fees of any kind, however described, to student or parent borrowers for origination activities or the provision of any information necessary for a student or parent to receive a loan under this part, or any benefits associated with such loan; **[and]**

(6) *notwithstanding any other provision of this Act, for the award year beginning on July 1, 2024, and each subsequent award year, if such institution is an applicable educational institution that is an organization subject to taxation under section 4968 of the Internal Revenue Code of 1986, provide that such institution may not award—*

(A) *a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct Plus Loan to any eligible student; or*

(B) *a Federal Direct Plus Loan to a parent of an eligible dependent undergraduate student if such student is eligible for a Federal Pell Grant.*

[(6)] (7) include such other provisions as the Secretary determines are necessary to protect the interests of the United States and to promote the purposes of this part.

(b) ORIGINATION.—An agreement with any institution of higher education, or consortia thereof, for the origination of loans under this part shall—

(1) supplement the agreement entered into in accordance with subsection (a);

(2) include provisions established by the Secretary that are similar to the participation agreement provisions described in paragraphs (1)(E)(ii), (2), (3), (4), (5), and (6) of subsection (a), as modified to relate to the origination of loans by the institution or consortium;

(3) provide that the institution or consortium will originate loans to eligible students and parents in accordance with this part; and

(4) provide that the note or evidence of obligation on the loan shall be the property of the Secretary.

(c) WITHDRAWAL AND TERMINATION PROCEDURES.—The Secretary shall establish procedures by which institutions or consortia may withdraw or be terminated from the program under this part.

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## PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

### SEC. 481. DEFINITIONS.

(a) ACADEMIC AND AWARD YEAR.—(1) For the purpose of any program under this title, the term “award year” shall be defined as the period beginning July 1 and ending June 30 of the following year.

(2)(A) For the purpose of any program under this title, the term “academic year” shall—

(i) require a minimum of 30 weeks of instructional time for a course of study that measures its program length in credit hours; or

(ii) require a minimum of 26 weeks of instructional time for a course of study that measures its program length in clock hours; and

(iii) require an undergraduate course of study to contain an amount of instructional time whereby a full-time student is expected to complete at least—

(I) 24 semester or trimester hours or 36 quarter credit hours in a course of study that measures its program length in credit hours; or

(II) 900 clock hours in a course of study that measures its program length in clock hours.

(B) The Secretary may reduce such minimum of 30 weeks to not less than 26 weeks for good cause, as determined by the Secretary on a case-by-case basis, in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree and that measures program length in credit hours or clock hours.

(b) ELIGIBLE PROGRAM.—(1) For purposes of this title, the term “eligible program” means a program of at least—

(A) 600 clock hours of instruction, 16 semester hours, or 24 quarter hours, offered during a minimum of 15 weeks, in the case of a program that—

- (i) provides a program of training to prepare students for gainful employment in a recognized profession; and
- (ii) admits students who have not completed the equivalent of an associate degree; or

(B) 300 clock hours of instruction, 8 semester hours, or 12 hours, offered during a minimum of 10 weeks, in the case of—

- (i) an undergraduate program that requires the equivalent of an associate degree for admissions; or
- (ii) a graduate or professional program.

(2)(A) A program is an eligible program for purposes of part B of this title if it is a program of at least 300 clock hours of instruction, but less than 600 clock hours of instruction, offered during a minimum of 10 weeks, that—

- (i) has a verified completion rate of at least 70 percent, as determined in accordance with the regulations of the Secretary;
- (ii) has a verified placement rate of at least 70 percent, as determined in accordance with the regulations of the Secretary; and
- (iii) satisfies such further criteria as the Secretary may prescribe by regulation.

(B) In the case of a program being determined eligible for the first time under this paragraph, such determination shall be made by the Secretary before such program is considered to have satisfied the requirements of this paragraph.

(3)(A) *A program is an eligible program for purposes of the Workforce Pell Grant program under section 401(k) only if—*

*(i) it is a program of at least 150 clock hours of instruction, but less than 600 clock hours of instruction, or an equivalent number of credit hours, offered during a minimum of 8 weeks, but less than 15 weeks;*

*(ii) it is not offered as a correspondence course, as defined in 600.2 of title 34, Code of Federal Regulations (as in effect on September 20, 2020);*

*(iii) the State board makes a determination that the program—*

*(I) provides an education aligned with the requirements of high-skill, high-wage (as identified by the State pursuant to section 122 of the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2342), or in-demand industry sectors or occupations;*

*(II) meets the hiring requirements of potential employers in the sectors or occupations described in subclause (I); and*

*(III) satisfies any applicable educational prerequisite requirement for professional licensure or certification in the State or States in which the program is offered, as applicable, such that a student who completes the program is qualified to—*

*(aa) practice or find employment in the sectors or occupations described in subclause (I); and*

- (bb) as applicable, take any licensure or certification examinations required to practice or find employment in such sectors or occupations;
- (iv) after the State board makes the determination that the program meets the requirements under clause (iii), the accrediting agency or association recognized by the Secretary pursuant to section 496(a) determines that the program—
  - (I) either—
    - (aa) leads to a recognized postsecondary credential that is stackable and portable across more than one employer; or
    - (bb) with respect to students enrolled in the program—
      - (AA) prepares such students for employment in an occupation for which there is only one recognized postsecondary credential; and
      - (BB) provides such students with such a credential upon completion of such program;
  - (II) prepares students to pursue 1 or more certificate or degree programs at 1 or more institutions of higher education (which may include the institution of higher education providing the program), including by ensuring—
    - (aa) that a student, upon completion of the program and enrollment in such a related certificate or degree program, will receive academic credit for the program that will be accepted toward meeting such certificate or degree program requirements; and
    - (bb) the acceptability of such credit toward meeting such certificate or degree program requirements; and
  - (III) posts prominently on the website of the institution the recognized postsecondary credential that will be awarded to the student upon completion of the program, including the entity issuing the credential, any third-party endorsements of the credential, the occupation or occupations for which the credential prepares individuals for employment, the competencies achieved to earn the credential, the level of mastery of such competencies and how mastery is assessed, and specific information with respect to where, whether, and under what circumstances the credential is stackable or portable;
  - (IV) with respect to the information collected under section 131(i)—
    - (aa) posts such information prominently on the website of the institution; and
    - (bb) provides such information in a written disclosure to each prospective student prior to entering into an enrollment agreement with such student for such program, and establishes procedures for each such student to confirm receipt of such disclosure;
  - (V) has established a plan to ensure students who completed the program have access to transcripts for completed coursework without a fee; and
  - (VI) has been offered by an eligible institution of higher education for not less than 1 year prior to the date on

*which such agency or association is to make a determination under this paragraph;*

*(v) after the accrediting agency makes the determination that the program meets the requirements under clause (iv), the Secretary determines that—*

*(I) for each award year, the program has a verified completion rate of at least 70 percent, within 150 percent of the normal time for completion;*

*(II) for each award year, the program has a verified job placement rate of at least 70 percent, measured 180 days after completion;*

*(III) for each award year, the program charges to a Workforce Pell Grant recipient under section 401(k) a total amount of tuition and fees for the program for such year that does not exceed the value-added earnings of students for the most recent year for which data is available; and*

*(IV) for at least 2 of the 3 most recent consecutive award years for which data are available, the median earnings of students who completed the program, measured three years after students completed the program, exceeded the annual median earnings of individuals in the State in which the program is located—*

*(aa) who are in the labor force;*

*(bb) who are between 25 and 34 years of age, inclusive; and*

*(cc) for whom the highest degree attained is a high school diploma (or recognized equivalent); and*

*(vi) in the case of a program that has been an eligible workforce program under this paragraph for 3 or more years, it uses common, linked, open, and interoperable data formats when posting on the website of the institution the data required under subclauses (III) and (IV) of clause (iv).*

*(B)(i) The Secretary shall establish an appeals process wherein a program may request that, in making a determination under subparagraph (A)(v) (other than with respect to the median earnings of the individuals in the State described in subclause (IV) of such subparagraph), the Secretary use alternate earnings data, provided by the program, that is based on local, State, or Federal administrative data sources and that is statistically rigorous, accurate, comparable to, and representative of such students, if such program objects to a determination made by the Secretary under such subparagraph for purposes of—*

*(I) eligibility under this paragraph; or*

*(II) the reporting or publishing of the rates or earnings described in such a determination under section 131(i).*

*(ii) In the case of a program that is seeking to establish initial eligibility under this paragraph that does not have data available for the Secretary to make the determinations required under subparagraph (A)(v), the Secretary may, for a period that does not exceed 1 year, make such determinations (other than the median earnings of the individuals in the State described in subclause (IV) of such subparagraph) with respect to the program using, as provided by the program—*

*(I) alternate earnings data of students who complete the program, provided such data are statistically rigorous, ac-*

curate, comparable to, and representative of such students;  
and

(II) alternate completion and job placement rates of students who enroll in the program, provided such data are statistically rigorous, accurate, comparable, and representative of such students.

(iii) If the Secretary determines that a program provided inaccurate earnings data under clause (i)(I) or clause (ii), such program shall return to the Secretary any funds received under section 401(k) during the period beginning on the date that is the first day of the provisional eligibility period and ending on the date on which the Secretary makes such determination.

(C)(i) In the case of a program that is seeking to establish initial eligibility under this paragraph, the Secretary shall grant eligibility for the program if it meets the requirements of this paragraph not more than 120 days after the date on which the Secretary receives a submission from such program for consideration as an eligible workforce program under this paragraph.

(ii) If a program that is an eligible workforce program under this paragraph no longer meets one or more of the requirements under this paragraph, as determined by the State Board, accrediting agency, or the Secretary, the Secretary—

(I) may withdraw the eligibility of such program; and

(II) shall prohibit such program, and any substantially similar program of the institution, from being considered an eligible workforce program under this paragraph for a period of not less than 3 years.

(D)(i) In the case of a program with a number of enrolled students that is insufficient to provide the Secretary with enough relevant data to make the determinations under subparagraph (A)(v), the Secretary shall—

(I) aggregate up to 4 years of additional data for such program and use such aggregated data to make such determinations; or

(II) only if such aggregated data under subclause (I) is insufficient, aggregate up to 4 years of data of students who completed or were enrolled in, as applicable, similar programs at the institution (as determined using the first 4 digits of the CIP codes of such programs) and use such data to make such determinations.

(ii) For purposes of this subparagraph, the term “CIP code” means the 6-digit taxonomic identification code assigned by an institution of higher education to a specific program of study at the institution, determined by the institution in accordance with the Classification of Instructional Programs published by the National Center for Education Statistics.

(E) In this paragraph:

(i) The term “eligible institution of higher education” means an institution of higher education (as defined in section 102) that—

(I) is approved by an accrediting agency or association that meets the requirements of section 496(a)(4)(C); and

(II) has not been subject, during any of the preceding 3 years, to—

(aa) any suspension, emergency action, or termination under this title;

(bb) any adverse action by the institution's accrediting agency or association that revokes or denies accreditation for the institution; or

(cc) any final action by the State where the institution holds its legal domicile, authorization, and accreditation that revokes a license or other authority to operate.

(ii) The term “median earnings”, when used with respect to an eligible workforce program under this paragraph—

(I) means the median annualized earnings, calculated using earnings for a pay period, month, quarter, or other time period deemed appropriate by the Secretary, of all students who received Federal financial assistance under this title and who completed the program in an academic year; and

(II) shall be measured a given number of years after such students completed the program, with the number of years determined in accordance with this Act based on the intended use of the median earnings data being calculated.

(iii) With respect to students who received Federal financial aid under this title and who completed an eligible workforce program under this paragraph in a given year, the term “value-added earnings” means—

(I) the median earnings of such students, measured one year after students completed the program; minus

(II) for the year median earnings are measured for such students under subclause (I), 150 percent of the poverty line applicable to a single individual as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) for such year and, in the case of a program offered in-person, adjusted by the regional price parity index of the Bureau of Economic Analysis for the metropolitan statistical area in which the eligible institution of higher education offering such program is located.

(iv) The terms “industry or sector partnership”, “in-demand industry sector or occupation”, “recognized postsecondary credential”, and “State board” have the meanings given such terms in section 3 of the Workforce Innovation and Opportunity Act.

[(3)] (4) An otherwise eligible program that is offered in whole or in part through telecommunications is eligible for the purposes of this title if the program is offered by an institution, other than a foreign institution, that has been evaluated and determined (before or after the date of enactment of the Higher Education Reconciliation Act of 2005) to have the capability to effectively deliver distance education programs by an accrediting agency or association that—

(A) is recognized by the Secretary under subpart 2 of part H; and

(B) has evaluation of distance education programs within the scope of its recognition, as described in section 496(n)(3).

[(4)] (5) For purposes of this title, the term “eligible program” includes an instructional program that, in lieu of credit hours or clock hours as the measure of student learning, utilizes direct assessment of student learning, or recognizes the direct assessment of student learning by others, if such assessment is consistent with the accreditation of the institution or program utilizing the results of the assessment. In the case of a program being determined eligible for the first time under this paragraph, such determination shall be made by the Secretary before such program is considered to be an eligible program.

(c) **THIRD PARTY SERVICER.**—For purposes of this title, the term “third party servicer” means any individual, any State, or any private, for-profit or nonprofit organization, which enters into a contract with—

(1) any eligible institution of higher education to administer, through either manual or automated processing, any aspect of such institution’s student assistance programs under this title; or

(2) any guaranty agency, or any eligible lender, to administer, through either manual or automated processing, any aspect of such guaranty agency’s or lender’s student loan programs under part B of this title, including originating, guaranteeing, monitoring, processing, servicing, or collecting loans.

(d) **DEFINITIONS FOR MILITARY DEFERMENTS.**—For purposes of parts B, D, and E of this title:

(1) **ACTIVE DUTY.**—The term “active duty” has the meaning given such term in section 101(d)(1) of title 10, United States Code, except that such term does not include active duty for training or attendance at a service school.

(2) **MILITARY OPERATION.**—The term “military operation” means a contingency operation as such term is defined in section 101(a)(13) of title 10, United States Code.

(3) **NATIONAL EMERGENCY.**—The term “national emergency” means the national emergency by reason of certain terrorist attacks declared by the President on September 14, 2001, or subsequent national emergencies declared by the President by reason of terrorist attacks.

(4) **SERVING ON ACTIVE DUTY.**—The term “serving on active duty during a war or other military operation or national emergency” means service by an individual who is—

(A) a Reserve of an Armed Force ordered to active duty under section 12301(a), 12301(g), 12302, 12304, or 12306 of title 10, United States Code, or any retired member of an Armed Force ordered to active duty under section 688 of such title, for service in connection with a war or other military operation or national emergency, regardless of the location at which such active duty service is performed; and

(B) any other member of an Armed Force on active duty in connection with such emergency or subsequent actions or conditions who has been assigned to a duty station at a location other than the location at which such member is normally assigned.

(5) **QUALIFYING NATIONAL GUARD DUTY.**—The term “qualifying National Guard duty during a war or other military oper-



ation or national emergency” means service as a member of the National Guard on full-time National Guard duty (as defined in section 101(d)(5) of title 10, United States Code) under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days under section 502(f) of title 32, United States Code, in connection with a war, other military operation, or a national emergency declared by the President and supported by Federal funds.

(e) CONSUMER REPORTING AGENCY.—For purposes of this title, the term “consumer reporting agency” has the meaning given the term “consumer reporting agency that compiles and maintains files on consumers on a nationwide basis” in Section 603(p) of the Fair Credit Reporting Act (15 U.S.C. 1681a(p)).

(f) DEFINITION OF EDUCATIONAL SERVICE AGENCY.—For purposes of parts B, D, and E, the term “educational service agency” has the meaning given the term in section 8101 of the Elementary and Secondary Education Act of 1965.

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## PART H—PROGRAM INTEGRITY

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### Subpart 2—Accrediting Agency Recognition

#### SEC. 496. RECOGNITION OF ACCREDITING AGENCY OR ASSOCIATION.

(a) CRITERIA REQUIRED.—No accrediting agency or association may be determined by the Secretary to be a reliable authority as to the quality of education or training offered for the purposes of this Act or for other Federal purposes, unless the agency or association meets criteria established by the Secretary pursuant to this section. The Secretary shall, after notice and opportunity for a hearing, establish criteria for such determinations. Such criteria shall include an appropriate measure or measures of student achievement. Such criteria shall require that—

(1) the accrediting agency or association shall be a State, regional, or national agency or association and shall demonstrate the ability and the experience to operate as an accrediting agency or association within the State, region, or nationally, as appropriate;

(2) such agency or association—

(A)(i) for the purpose of participation in programs under this Act, has a voluntary membership of institutions of higher education and has as a principal purpose the accrediting of institutions of higher education; or

(ii) for the purpose of participation in other programs administered by the Department of Education or other Federal agencies, has a voluntary membership and has as its principal purpose the accrediting of institutions of higher education or programs;

(B) is a State agency approved by the Secretary for the purpose described in subparagraph (A); or

(C) is an agency or association that, for the purpose of determining eligibility for student assistance under this

title, conducts accreditation through (i) a voluntary membership organization of individuals participating in a profession, or (ii) an agency or association which has as its principal purpose the accreditation of programs within institutions, which institutions are accredited by another agency or association recognized by the Secretary;

(3) if such agency or association is an agency or association described in—

(A) subparagraph (A)(i) of paragraph (2), then such agency or association is separate and independent, both administratively and financially of any related, associated, or affiliated trade association or membership organization;

(B) subparagraph (B) of paragraph (2), then such agency or association has been recognized by the Secretary on or before October 1, 1991; or

(C) subparagraph (C) of paragraph (2) and such agency or association has been recognized by the Secretary on or before October 1, 1991, then the Secretary may waive the requirement that such agency or association is separate and independent, both administratively and financially of any related, associated, or affiliated trade association or membership organization upon a demonstration that the existing relationship has not served to compromise the independence of its accreditation process;

(4)(A) such agency or association consistently applies and enforces standards that respect the stated mission of the institution of higher education, including religious missions, and that ensure that the courses or programs of instruction, training, or study offered by the institution of higher education, including distance education or correspondence courses or programs, are of sufficient quality to achieve, for the duration of the accreditation period, the stated objective for which the courses or the programs are offered; [and]

(B) if such agency or association has or seeks to include within its scope of recognition the evaluation of the quality of institutions or programs offering distance education or correspondence education, such agency or association shall, in addition to meeting the other requirements of this subpart, demonstrate to the Secretary that—

(i) the agency or association's standards effectively address the quality of an institution's distance education or correspondence education in the areas identified in paragraph (5), except that—

(I) the agency or association shall not be required to have separate standards, procedures, or policies for the evaluation of distance education or correspondence education institutions or programs in order to meet the requirements of this subparagraph; and

(II) in the case that the agency or association is recognized by the Secretary, the agency or association shall not be required to obtain the approval of the Secretary to expand its scope of accreditation to include distance education or correspondence education, provided that the agency or association notifies the Secretary in writing of the change in scope; and

- (ii) the agency or association requires an institution that offers distance education or correspondence education to have processes through which the institution establishes that the student who registers in a distance education or correspondence education course or program is the same student who participates in and completes the program and receives the academic credit; and
- (C) *if such agency or association has or seeks to include within its scope of recognition the evaluation of the quality of institutions offering an eligible program under section 481(b)(3), such agency or association shall, in addition to meeting the other requirements of this subpart, demonstrate to the Secretary that, with respect to such an eligible program—*
  - (i) *the agency or association's standards include a process for determining if the institution has the capability to effectively offer such program; and*
  - (ii) *the agency or association requires a demonstration that the program satisfies the requirements of section 481(b)(3)(A)(iv);*
- (5) the standards for accreditation of the agency or association assess the institution's—
  - (A) success with respect to student achievement in relation to the institution's mission, which may include different standards for different institutions or programs, as established by the institution, including, as appropriate, consideration of State licensing examinations, consideration of course completion, and job placement rates;
  - (B) curricula;
  - (C) faculty;
  - (D) facilities, equipment, and supplies;
  - (E) fiscal and administrative capacity as appropriate to the specified scale of operations;
  - (F) student support services;
  - (G) recruiting and admissions practices, academic calendars, catalogs, publications, grading and advertising;
  - (H) measures of program length and the objectives of the degrees or credentials offered;
  - (I) record of student complaints received by, or available to, the agency or association; and
  - (J) record of compliance with its program responsibilities under title IV of this Act based on the most recent student loan default rate data provided by the Secretary, the results of financial or compliance audits, program reviews, and any such other information as the Secretary may provide to the agency or association;
 except that subparagraphs (A), (H), and (J) shall not apply to agencies or associations described in paragraph (2)(A)(ii) of this subsection;
- (6) such an agency or association shall establish and apply review procedures throughout the accrediting process, including evaluation and withdrawal proceedings, which comply with due process procedures that provide—
  - (A) for adequate written specification of—

(i) requirements, including clear standards for an institution of higher education or program to be accredited; and

(ii) identified deficiencies at the institution or program examined;

(B) for sufficient opportunity for a written response, by an institution or program, regarding any deficiencies identified by the agency or association to be considered by the agency or association—

(i) within a timeframe determined by the agency or association; and

(ii) prior to final action in the evaluation and withdrawal proceedings;

(C) upon the written request of an institution or program, for an opportunity for the institution or program to appeal any adverse action under this section, including denial, withdrawal, suspension, or termination of accreditation, taken against the institution or program, prior to such action becoming final at a hearing before an appeals panel that—

(i) shall not include current members of the agency's or association's underlying decisionmaking body that made the adverse decision; and

(ii) is subject to a conflict of interest policy;

(D) for the right to representation and participation by counsel for an institution or program during an appeal of the adverse action;

(E) for a process, in accordance with written procedures developed by the agency or association, through which an institution or program, before a final adverse action based solely upon a failure to meet a standard or criterion pertaining to finances, may on one occasion seek review of significant financial information that was unavailable to the institution or program prior to the determination of the adverse action, and that bears materially on the financial deficiencies identified by the agency or association;

(F) in the case that the agency or association determines that the new financial information submitted by the institution or program under subparagraph (E) meets the criteria of significance and materiality described in such subparagraph, for consideration by the agency or association of the new financial information prior to the adverse action described in such subparagraph becoming final; and

(G) that any determination by the agency or association made with respect to the new financial information described in subparagraph (E) shall not be separately appealable by the institution or program;

(7) such agency or association shall notify the Secretary and the appropriate State licensing or authorizing agency within 30 days of the accreditation of an institution or any final denial, withdrawal, suspension, or termination of accreditation or placement on probation of an institution, together with any other adverse action taken with respect to an institution; and

(8) such agency or association shall make available to the public, upon request, and to the Secretary, and the State li-

censing or authorizing agency a summary of any review resulting in a final accrediting decision involving denial, termination, or suspension of accreditation, together with the comments of the affected institution.

(b) **SEPARATE AND INDEPENDENT DEFINED.**—For the purpose of subsection (a)(3), the term “separate and independent” means that—

(1) the members of the postsecondary education governing body of the accrediting agency or association are not elected or selected by the board or chief executive officer of any related, associated, or affiliated trade association or membership organization;

(2) among the membership of the board of the accrediting agency or association there shall be one public member (who is not a member of any related trade or membership organization) for each six members of the board, with a minimum of one such public member, and guidelines are established for such members to avoid conflicts of interest;

(3) dues to the accrediting agency or association are paid separately from any dues paid to any related, associated, or affiliated trade association or membership organization; and

(4) the budget of the accrediting agency or association is developed and determined by the accrediting agency or association without review or resort to consultation with any other entity or organization.

(c) **OPERATING PROCEDURES REQUIRED.**—No accrediting agency or association may be recognized by the Secretary as a reliable authority as to the quality of education or training offered by an institution seeking to participate in the programs authorized under this title, unless the agency or association—

(1) performs, at regularly established intervals, on-site inspections and reviews of institutions of higher education (which may include unannounced site visits) with particular focus on educational quality and program effectiveness, and ensures that accreditation team members are well-trained and knowledgeable with respect to their responsibilities, including those regarding distance education;

(2) monitors the growth of programs at institutions that are experiencing significant enrollment growth;

(3) requires an institution to submit for approval to the accrediting agency a teach-out plan upon the occurrence of any of the following events:

(A) the Department notifies the accrediting agency of an action against the institution pursuant to section 487(f);

(B) the accrediting agency acts to withdraw, terminate, or suspend the accreditation of the institution; or

(C) the institution notifies the accrediting agency that the institution intends to cease operations;

(4) requires that any institution of higher education subject to its jurisdiction which plans to establish a branch campus submit a business plan, including projected revenues and expenditures, prior to opening the branch campus;

(5) agrees to conduct, as soon as practicable, but within a period of not more than 6 months of the establishment of a new branch campus or a change of ownership of an institution of

higher education, an on-site visit of that branch campus or of the institution after a change of ownership;

(6) requires that teach-out agreements among institutions are subject to approval by the accrediting agency or association consistent with standards promulgated by such agency or association;

(7) makes available to the public and the State licensing or authorizing agency, and submits to the Secretary, a summary of agency or association actions, including—

(A) the award of accreditation or reaccreditation of an institution;

(B) final denial, withdrawal, suspension, or termination of accreditation of an institution, and any findings made in connection with the action taken, together with the official comments of the affected institution; and

(C) any other adverse action taken with respect to an institution or placement on probation of an institution;

(8) discloses publicly whenever an institution of higher education subject to its jurisdiction is being considered for accreditation or reaccreditation; and

(9) confirms, as a part of the agency's or association's review for accreditation or reaccreditation, that the institution has transfer of credit policies—

(A) that are publicly disclosed; and

(B) that include a statement of the criteria established by the institution regarding the transfer of credit earned at another institution of higher education.

(d) **LENGTH OF RECOGNITION.**—No accrediting agency or association may be recognized by the Secretary for the purpose of this Act for a period of more than 5 years.

(e) **INITIAL ARBITRATION RULE.**—The Secretary may not recognize the accreditation of any institution of higher education unless the institution of higher education agrees to submit any dispute involving the final denial, withdrawal, or termination of accreditation to initial arbitration prior to any other legal action.

(f) **JURISDICTION.**—Notwithstanding any other provision of law, any civil action brought by an institution of higher education seeking accreditation from, or accredited by, an accrediting agency or association recognized by the Secretary for the purpose of this title and involving the denial, withdrawal, or termination of accreditation of the institution of higher education, shall be brought in the appropriate United States district court.

(g) **LIMITATION ON SCOPE OF CRITERIA.**—Nothing in this Act shall be construed to permit the Secretary to establish criteria for accrediting agencies or associations that are not required by this section. Nothing in this Act shall be construed to prohibit or limit any accrediting agency or association from adopting additional standards not provided for in this section. Nothing in this section shall be construed to permit the Secretary to establish any criteria that specifies, defines, or prescribes the standards that accrediting agencies or associations shall use to assess any institution's success with respect to student achievement.

(h) **CHANGE OF ACCREDITING AGENCY.**—The Secretary shall not recognize the accreditation of any otherwise eligible institution of higher education if the institution of higher education is in the

process of changing its accrediting agency or association, unless the eligible institution submits to the Secretary all materials relating to the prior accreditation, including materials demonstrating reasonable cause for changing the accrediting agency or association.

(i) DUAL ACCREDITATION RULE.—The Secretary shall not recognize the accreditation of any otherwise eligible institution of higher education if the institution of higher education is accredited, as an institution, by more than one accrediting agency or association, unless the institution submits to each such agency and association and to the Secretary the reasons for accreditation by more than one such agency or association and demonstrates to the Secretary reasonable cause for its accreditation by more than one agency or association. If the institution is accredited, as an institution, by more than one accrediting agency or association, the institution shall designate which agency's accreditation shall be utilized in determining the institution's eligibility for programs under this Act.

(j) IMPACT OF LOSS OF ACCREDITATION.—An institution may not be certified or recertified as an institution of higher education under section 102 and subpart 3 of this part or participate in any of the other programs authorized by this Act if such institution—

(1) is not currently accredited by any agency or association recognized by the Secretary;

(2) has had its accreditation withdrawn, revoked, or otherwise terminated for cause during the preceding 24 months, unless such withdrawal, revocation, or termination has been rescinded by the same accrediting agency; or

(3) has withdrawn from accreditation voluntarily under a show cause or suspension order during the preceding 24 months, unless such order has been rescinded by the same accrediting agency.

(k) RELIGIOUS INSTITUTION RULE.—Notwithstanding subsection (j), the Secretary shall allow an institution that has had its accreditation withdrawn, revoked, or otherwise terminated, or has voluntarily withdrawn from an accreditation agency, to remain certified as an institution of higher education under section 102 and subpart 3 of this part for a period sufficient to allow such institution to obtain alternative accreditation, if the Secretary determines that the reason for the withdrawal, revocation, or termination—

(1) is related to the religious mission or affiliation of the institution; and

(2) is not related to the accreditation criteria provided for in this section.

(l) LIMITATION, SUSPENSION, OR TERMINATION OF RECOGNITION.—(1) If the Secretary determines that an accrediting agency or association has failed to apply effectively the criteria in this section, or is otherwise not in compliance with the requirements of this section, the Secretary shall—

(A) after notice and opportunity for a hearing, limit, suspend, or terminate the recognition of the agency or association; or

(B) require the agency or association to take appropriate action to bring the agency or association into compliance with such requirements within a timeframe specified by the Secretary, except that—

(i) such timeframe shall not exceed 12 months unless the Secretary extends such period for good cause; and

(ii) if the agency or association fails to bring the agency or association into compliance within such timeframe, the Secretary shall, after notice and opportunity for a hearing, limit, suspend, or terminate the recognition of the agency or association.

(2) The Secretary may determine that an accrediting agency or association has failed to apply effectively the standards provided in this section if an institution of higher education seeks and receives accreditation from the accrediting agency or association during any period in which the institution is the subject of any interim action by another accrediting agency or association, described in paragraph (2)(A)(i), (2)(B), or (2)(C) of subsection (a) of this section, leading to the suspension, revocation, or termination of accreditation or the institution has been notified of the threatened loss of accreditation, and the due process procedures required by such suspension, revocation, termination, or threatened loss have not been completed.

(m) LIMITATION ON THE SECRETARY'S AUTHORITY.—The Secretary may only recognize accrediting agencies or associations which accredit institutions of higher education for the purpose of enabling such institutions to establish eligibility to participate in the programs under this Act or which accredit institutions of higher education or higher education programs for the purpose of enabling them to establish eligibility to participate in other programs administered by the Department of Education or other Federal agencies.

(n) INDEPENDENT EVALUATION.—(1) The Secretary shall conduct a comprehensive review and evaluation of the performance of all accrediting agencies or associations which seek recognition by the Secretary in order to determine whether such accrediting agencies or associations meet the criteria established by this section. The Secretary shall conduct an independent evaluation of the information provided by such agency or association. Such evaluation shall include—

(A) the solicitation of third-party information concerning the performance of the accrediting agency or association; and

(B) site visits, including unannounced site visits as appropriate, at accrediting agencies and associations, and, at the Secretary's discretion, at representative member institutions.

(2) The Secretary shall place a priority for review of accrediting agencies or associations on those agencies or associations that accredit institutions of higher education that participate most extensively in the programs authorized by this title and on those agencies or associations which have been the subject of the most complaints or legal actions.

(3) The Secretary shall consider all available relevant information concerning the compliance of the accrediting agency or association with the criteria provided for in this section, including any complaints or legal actions against such agency or association. In cases where deficiencies in the performance of an accreditation agency or association with respect to the requirements of this section are noted, the Secretary shall take these deficiencies into account in the recognition process. The Secretary shall not, under any circumstances, base decisions on the recognition or denial of recognition of accreditation agencies or associations on criteria



other than those contained in this section. When the Secretary decides to recognize an accrediting agency or association, the Secretary shall determine the agency or association's scope of recognition. If the agency or association reviews institutions offering distance education courses or programs and the Secretary determines that the agency or association meets the requirements of this section, then the agency shall be recognized and the scope of recognition shall include accreditation of institutions offering distance education courses or programs.

(4) The Secretary shall maintain sufficient documentation to support the conclusions reached in the recognition process, and, if the Secretary does not recognize any accreditation agency or association, shall make publicly available the reason for denying recognition, including reference to the specific criteria under this section which have not been fulfilled.

(o) REGULATIONS.—The Secretary shall by regulation provide procedures for the recognition of accrediting agencies or associations and for the appeal of the Secretary's decisions. Notwithstanding any other provision of law, the Secretary shall not promulgate any regulation with respect to the standards of an accreditation agency or association described in subsection (a)(5).

(p) RULE OF CONSTRUCTION.—Nothing in subsection (a)(5) shall be construed to restrict the ability of—

(1) an accrediting agency or association to set, with the involvement of its members, and to apply, accreditation standards for or to institutions or programs that seek review by the agency or association; or

(2) an institution to develop and use institutional standards to show its success with respect to student achievement, which achievement may be considered as part of any accreditation review.

(q) REVIEW OF SCOPE CHANGES.—The Secretary shall require a review, at the next available meeting of the National Advisory Committee on Institutional Quality and Integrity, of any change in scope undertaken by an agency or association under subsection (a)(4)(B)(i)(II) if the enrollment of an institution that offers distance education or correspondence education that is accredited by such agency or association increases by 50 percent or more within any one institutional fiscal year.

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