

113TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To establish the Proprietary Education Oversight Coordination Committee.

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IN THE SENATE OF THE UNITED STATES

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Mr. DURBIN (for himself and Mr. HARKIN) introduced the following bill;  
which was read twice and referred to the Committee on

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**A BILL**

To establish the Proprietary Education Oversight  
Coordination Committee.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Proprietary Education  
5 Oversight Coordination Improvement Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) EXECUTIVE OFFICER.—The term “executive  
9 officer”, with respect to a proprietary institution of

1 higher education that is a publicly traded corpora-  
2 tion, means—

3 (A) the president of such corporation;

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

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

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

23 (3) PRIVATE EDUCATION LOAN.—The term  
24 “private education loan”—

1 (A) means a loan provided by a private  
2 educational lender (as defined in section 140(a)  
3 of the Truth in Lending Act (15 U.S.C.  
4 1650(a))) that—

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

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

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

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

1           (4) PROPRIETARY INSTITUTION OF HIGHER  
2 EDUCATION.—The term “proprietary institution of  
3 higher education” has the meaning given the term in  
4 section 102(b) of the Higher Education Act of 1965  
5 (20 U.S.C. 1002(b)).

6           (5) RECRUITING AND MARKETING ACTIVI-  
7 TIES.—

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

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

20           (ii) Efforts to identify and attract  
21 prospective students, either directly or  
22 through a contractor or other third party,  
23 including contact concerning a prospective  
24 student’s potential enrollment or applica-  
25 tion for a grant, a loan, or work assistance

1 under title IV of the Higher Education Act  
2 of 1965 (20 U.S.C. 1070 et seq.) or par-  
3 ticipation in preadmission or advising ac-  
4 tivities, including—

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

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

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

21 (B) EXCEPTIONS.—Any activity that is re-  
22 quired as a condition of receipt of funds by an  
23 institution under title IV of the Higher Edu-  
24 cation Act of 1965 (20 U.S.C. 1070 et seq.), is  
25 specifically authorized under such title, or is

1 otherwise specified by the Secretary of Edu-  
2 cation, shall not be considered to be a recruit-  
3 ing and marketing activity under subparagraph  
4 (A).

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

11 (7) VETERANS SERVICE ORGANIZATION.—The  
12 term “veterans service organization” means an orga-  
13 nization recognized by the Secretary of Veterans Af-  
14 fairs for the representation of veterans under section  
15 5902 of title 38, United States Code.

16 **SEC. 3. ESTABLISHMENT OF COMMITTEE.**

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

23 (1) The Department of Education.

24 (2) The Consumer Financial Protection Bu-  
25 reau.

1 (3) The Department of Justice.

2 (4) The Securities and Exchange Commission.

3 (5) The Department of Defense.

4 (6) The Department of Veterans Affairs.

5 (7) The Federal Trade Commission.

6 (8) The Department of Labor.

7 (9) The Internal Revenue Service.

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

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

12 (1) Coordinate Federal oversight of proprietary  
13 institutions of higher education to—

14 (A) improve enforcement of applicable  
15 Federal laws and regulations;

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

19 (C) ensure the promotion of quality edu-  
20 cation programs.

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

1           (3) Encourage information sharing among  
2 agencies related to Federal investigations, audits, or  
3 inquiries of proprietary institutions of higher edu-  
4 cation.

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

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

16 (c) MEMBERSHIP.—

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

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

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

9   **SEC. 4. MEETINGS.**

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

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

20   **SEC. 5. REPORT.**

21          (a) IN GENERAL.—The Committee shall submit a re-  
22          port each year to the Committee on Health, Education,  
23          Labor, and Pensions of the Senate, the Committee on  
24          Education and the Workforce of the House of Representa-

1 tives, and any other committee of Congress that the Com-  
2 mittee determines appropriate.

3 (b) PUBLIC ACCESS.—The report described in sub-  
4 section (a) shall be made available to the public in a man-  
5 ner that is easily accessible to parents, students, and other  
6 stakeholders in accordance with the best practices devel-  
7 oped under section 3(b)(5).

8 (c) CONTENTS.—

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

10 (A) an accounting of any action (as de-  
11 fined in paragraph (3)) taken by the Federal  
12 Government, any member entity of the Com-  
13 mittee, or a State—

14 (i) to enforce Federal or State laws  
15 and regulations applicable to proprietary  
16 institutions of higher education;

17 (ii) to hold proprietary institutions of  
18 higher education accountable to students  
19 and taxpayers; and

20 (iii) to promote quality education pro-  
21 grams;

22 (B) a summary of complaints against each  
23 proprietary institution of higher education re-  
24 ceived by any member entity of the Committee;

1 (C) the data described in paragraph (2)  
2 and any other data relevant to proprietary insti-  
3 tutions of higher education that the Committee  
4 determines appropriate; and

5 (D) recommendations of the Committee for  
6 such legislative and administrative actions as  
7 the Committee determines are necessary to—

8 (i) improve enforcement of applicable  
9 Federal laws;

10 (ii) increase accountability of propri-  
11 etary institutions of higher education to  
12 students and taxpayers; and

13 (iii) ensure the promotion of quality  
14 education programs.

15 (2) DATA.—

16 (A) INDUSTRY-WIDE DATA.—The report  
17 shall include data on all proprietary institutions  
18 of higher education that consists of information  
19 regarding—

20 (i) the total amount of Federal edu-  
21 cation assistance that proprietary institu-  
22 tions of higher education received for the  
23 previous academic year, and the percentage  
24 of the total amount of Federal education  
25 assistance provided to institutions of high-

1 er education (as defined in section 102 of  
2 the Higher Education Act of 1965 (20  
3 U.S.C. 1002)) for such previous academic  
4 year that reflects such total amount of  
5 Federal education assistance provided to  
6 proprietary institutions of higher education  
7 for such previous academic year;

8 (ii) the total amount of Federal edu-  
9 cation assistance that proprietary institu-  
10 tions of higher education received for the  
11 previous academic year, disaggregated  
12 by—

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

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

21 (III) educational assistance pro-  
22 vided under chapter 33 of title 38,  
23 United States Code;

1 (IV) tuition assistance provided  
2 under section 2007 of title 10, United  
3 States Code;

4 (V) assistance provided under  
5 section 1784a of title 10, United  
6 States Code; and

7 (VI) Federal education assistance  
8 not described in subclauses (I)  
9 through (V);

10 (iii) the percentage of the total  
11 amount of Federal education assistance  
12 provided to institutions of higher education  
13 (as defined in section 102 of the Higher  
14 Education Act of 1965 (20 U.S.C. 1002))  
15 for such previous academic year for each of  
16 the programs described in subclauses (I)  
17 through (V) of clause (ii) that reflects such  
18 total amount of Federal education assist-  
19 ance provided to proprietary institutions of  
20 higher education for such previous aca-  
21 demic year for each of such programs;

22 (iv) the average retention and gradua-  
23 tion rates for students pursuing a degree  
24 at proprietary institutions of higher edu-  
25 cation;

1 (v) the average cohort default rate (as  
2 defined in section 435(m) of the Higher  
3 Education Act of 1965 (20 U.S.C.  
4 1085(m)) for proprietary institutions of  
5 higher education, and an annual list of co-  
6 hort default rates (as defined in such sec-  
7 tion) for all proprietary institutions of  
8 higher education;

9 (vi) for careers requiring the passage  
10 of a licensing examination—

11 (I) the passage rate of individ-  
12 uals who attended a proprietary insti-  
13 tution of higher education taking such  
14 examination to pursue such a career;  
15 and

16 (II) the passage rate of all indi-  
17 viduals taking such exam to pursue  
18 such a career; and

19 (vii) the use of private education loans  
20 at proprietary institutions of higher edu-  
21 cation that includes—

22 (I) an estimate of the total num-  
23 ber of such loans; and

1 (II) information on the average  
2 debt, default rate, and interest rate of  
3 such loans.

4 (B) DATA ON PUBLICLY TRADED COR-  
5 PORATIONS.—

6 (i) IN GENERAL.—The report shall in-  
7 clude data on proprietary institutions of  
8 higher education that are publicly traded  
9 corporations, consisting of information  
10 on—

11 (I) any pre-tax profit of such  
12 proprietary institutions of higher edu-  
13 cation—

14 (aa) reported as a total  
15 amount and an average percent  
16 of revenue for all such propri-  
17 etary institutions of higher edu-  
18 cation; and

19 (bb) reported for each such  
20 proprietary institution of higher  
21 education;

22 (II) revenue for such proprietary  
23 institutions of higher education spent  
24 on recruiting and marketing activities,

1 student instruction, and student sup-  
2 port services, reported—

3 (aa) as a total amount and  
4 an average percent of revenue for  
5 all such proprietary institutions  
6 of higher education; and

7 (bb) for each such propri-  
8 etary institution of higher edu-  
9 cation;

10 (III) total compensation packages  
11 of the executive officers of each such  
12 proprietary institution of higher edu-  
13 cation;

14 (IV) a list of institutional loan  
15 programs offered by each such propri-  
16 etary institution of higher education  
17 that includes information on the de-  
18 fault and interest rates of such pro-  
19 grams; and

20 (V) the data described in clauses  
21 (ii) and (iii).

22 (ii) DISAGGREGATED BY OWNER-  
23 SHIP.—The report shall include data on  
24 proprietary institutions of higher education  
25 that are publicly traded corporations,

1 disaggregated by corporate or parent enti-  
2 ty, brand name, and campus, consisting  
3 of—

4 (I) the total cost of attendance  
5 for each program at each such propri-  
6 etary institution of higher education,  
7 and information comparing such total  
8 cost for each such program to—

9 (aa) the total cost of attend-  
10 ance for each program at each  
11 public institution of higher edu-  
12 cation; and

13 (bb) the average total cost  
14 of attendance for each program  
15 at all institutions of higher edu-  
16 cation, including such institutions  
17 that are public and such institu-  
18 tions that are private;

19 (II) total enrollment,  
20 disaggregated by—

21 (aa) individuals enrolled in  
22 programs taken online; and

23 (bb) individuals enrolled in  
24 programs that are not taken on-  
25 line;

1 (III) the average retention and  
2 graduation rates for students pur-  
3 suing a degree at such proprietary in-  
4 stitutions of higher education;

5 (IV) the percentage of students  
6 enrolled in such proprietary institu-  
7 tions of higher education who com-  
8 plete a program of such an institution  
9 within—

10 (aa) the standard period of  
11 completion for such program; and

12 (bb) a period that is 150  
13 percent of such standard period  
14 of completion;

15 (V) the total cost of attendance  
16 for each program at such proprietary  
17 institutions of higher education;

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

1           proprietary institutions of higher edu-  
2           cation;

3                   (VII) the median educational  
4           debt incurred by students who com-  
5           plete a program at such a proprietary  
6           institution of higher education;

7                   (VIII) the median educational  
8           debt incurred by students who start  
9           but do not complete a program at  
10          such a proprietary institution of high-  
11          er education;

12                   (IX) the job placement rate for  
13          students who complete a program at  
14          such a proprietary institution of high-  
15          er education and the type of employ-  
16          ment obtained by such students;

17                   (X) for careers requiring the pas-  
18          sage of a licensing examination, the  
19          rate of individuals who attended such  
20          a proprietary institution of higher  
21          education and passed such an exam-  
22          ination; and

23                   (XI) the number of complaints  
24          from students enrolled in such propri-  
25          etary institutions of higher education

1                   who have submitted a complaint to  
2                   any member entity of the Committee.

3                   (iii) DEPARTMENT OF DEFENSE AND  
4                   VETERANS AFFAIRS ASSISTANCE.—

5                   (I) IN GENERAL.—To the extent  
6                   practicable, the report shall provide  
7                   information on the data described in  
8                   clause (ii) for individuals using, to pay  
9                   for the costs of attending such a pro-  
10                  prietary institution of higher edu-  
11                  cation, Federal education assistance  
12                  provided under—

13                   (aa) chapter 33 of title 38,  
14                   United States Code;

15                   (bb) section 2007 of title 10,  
16                   United States Code; and

17                   (cc) section 1784a of title  
18                   10, United States Code.

19                   (II) REVENUE.—The report shall  
20                  provide information on the revenue of  
21                  proprietary institutions of higher edu-  
22                  cation that are publicly traded cor-  
23                  porations that is derived from the  
24                  Federal education assistance described  
25                  in subclause (I).

1 (C) COMPARISON DATA.—To the extent  
2 practicable, the report shall provide information  
3 comparing the data described in subparagraph  
4 (B) for proprietary institutions of higher edu-  
5 cation that are publicly traded corporations  
6 with such data for public institutions of higher  
7 education disaggregated by State.

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

11 (A) a complaint filed by a Federal or State  
12 agency in a local, State, Federal, or tribal  
13 court;

14 (B) an administrative proceeding by a  
15 Federal or State agency involving noncompli-  
16 ance of any applicable law or regulation; or

17 (C) any other review, audit, or administra-  
18 tive process by any Federal or State agency  
19 that results in a penalty, suspension, or termi-  
20 nation from any Federal or State program.

21 **SEC. 6. FOR-PROFIT COLLEGE WARNING LIST FOR PAR-**  
22 **ENTS AND STUDENTS.**

23 (a) IN GENERAL.—Each academic year, the Com-  
24 mittee shall publish a list to be known as the “For-Profit  
25 College Warning List for Parents and Students” to be

1 comprised of proprietary institutions of higher edu-  
2 cation—

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

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

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

10 (4) for which the Committee has sufficient evi-  
11 dence of widespread or systemic unfair, deceptive,  
12 abusive, unethical, fraudulent, or predatory prac-  
13 tices, policies, or procedures that pose a threat to  
14 the academic success, financial security, or general  
15 best interest of students.

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

19 (1) Any consumer complaint collected by any  
20 member entity of the Committee.

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

23 (3) Any administrative proceeding by a Federal  
24 or State agency involving noncompliance of any ap-  
25 plicable law or regulation.

1           (4) Any other review, audit, or administrative  
2           process by any Federal or State agency that results  
3           in a penalty, suspension, or termination from any  
4           Federal or State program.

5           (5) Data or information submitted by a propri-  
6           etary institution of higher education to any accred-  
7           iting agency or association recognized by the Sec-  
8           retary of Education pursuant to section 496 of the  
9           Higher Education Act of 1965 (20 U.S.C. 1099b) or  
10          the findings or adverse actions of any such accred-  
11          iting agency or association.

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

15          (7) Any other evidence that the Committee de-  
16          termines relevant in making a determination pursu-  
17          ant to subsection (a)(4).

18          (c) PUBLICATION.—Not later than July 1 of each fis-  
19          cal year, the Committee shall publish the list described in  
20          subsection (a) prominently and in a manner that is easily  
21          accessible to parents, students, and other stakeholders in  
22          accordance with any best practices developed under sec-  
23          tion 3(b)(5).