

103^D CONGRESS
2^D SESSION

H. R. 4384

To substitute evaluations of educational quality for cohort default rates in eligibility determinations for proprietary institutions of higher education under the Federal student assistance programs.

IN THE HOUSE OF REPRESENTATIVES

MAY 11, 1994

Mr. ANDREWS of New Jersey introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To substitute evaluations of educational quality for cohort default rates in eligibility determinations for proprietary institutions of higher education under the Federal student assistance programs.

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 “Educational Quality
5 Index Act of 1994”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds that—

1 (1) cohort default rates alone do not indicate
2 the quality of an educational institution;

3 (2) for the purpose of evaluating performance
4 of an institution of higher education, the population
5 which that institution serves should be taken into
6 account;

7 (3) schools whose students are from less afflu-
8 ent backgrounds have more difficulty with cohort de-
9 fault rate standards;

10 (4) use of the cohort default rates as a deter-
11 minant for participation in Federal student loan pro-
12 grams has kept technical and vocational school oper-
13 ators from opening schools in impoverished areas;

14 (5) many individuals living in impoverished
15 areas have been effectively denied an opportunity to
16 access technical and vocational higher education;
17 and

18 (6) the performance of a technical or vocational
19 institution of higher education can be measured by
20 objective data concerning the outcome from the per-
21 spective of the student.

1 **SEC. 3. USE OF EDUCATIONAL QUALITY IN INSTITUTIONAL**
2 **ELIGIBILITY FOR GUARANTEED STUDENT**
3 **LOAN PROGRAM.**

4 Section 435(a) of the Higher Education Act of
5 1965 (20 U.S.C. 1085(a)) is amended—

6 (1) in paragraph (1), by striking “paragraph
7 (2)” and inserting “paragraphs (2) and (4)”;

8 (2) in paragraph (2), by striking “An institu-
9 tion” and inserting “Except as provided in para-
10 graph (4), an institution”;

11 (3) by adding at the end the following new
12 paragraph:

13 “(4) INELIGIBILITY BASED ON EDUCATIONAL
14 QUALITY INDEX.—

15 “(A) USE OF INDEX IN PLACE OF COHORT
16 DEFAULT RATE.—A proprietary institution of
17 higher education (as such term is defined in
18 section 481(b)) shall not be subject to ineligibil-
19 ity determinations under paragraph (2), but
20 shall be subject to such determinations on the
21 basis of the educational quality index prescribed
22 under this paragraph.

23 “(B) PRESCRIPTION OF INDEX.—The Sec-
24 retary of Education shall by regulation pre-
25 scribe an educational quality index for the pur-
26 pose of evaluating the programs of proprietary

1 institutions of higher education. Such index
2 shall be equal to the sum of the following com-
3 ponent indexes:

4 “(i) A placement rate index which
5 shall be based on the percentage of stu-
6 dents who are employed in the field for
7 which the institution has trained them.

8 “(ii) A Pell grant eligibility index
9 equal to (I) the percentage of enrolled stu-
10 dents who are eligible for Pell grants,
11 minus (II) the national average percentage
12 of students who are so eligible at all insti-
13 tutions of higher education, divided by
14 (III) four.

15 “(iii) An index based on the institu-
16 tion’s cohort default rate (as determined
17 under subsection (m)).

18 “(iv) A successful completion index
19 which shall be based on graduation rates
20 (as determined for purposes of section
21 484(a)(1)(C)), or on certification or licen-
22 sure rates (if available).

23 “(C) CONTENTS OF REGULATIONS.—The
24 regulations prescribed by the Secretary under
25 subparagraph (B) shall—

1 “(i) define the minimum aggregate
2 score that an proprietary institution of
3 higher education must achieve, as a sum of
4 the 4 indexes established under clauses (i),
5 (ii), and (iii) of such subparagraph, in
6 order for the institution to remain eligible
7 to participate in the programs under this
8 part;

9 “(ii) provide that the weights to be at-
10 tributed to such 4 indexes for purposes of
11 aggregating such score shall require that,
12 of the maximum possible aggregate
13 score—

14 “(I) 37.5 percent shall be attrib-
15 uted to the index described in sub-
16 paragraph (B)(i);

17 “(II) 25 percent shall be attrib-
18 uted to subparagraph (B)(ii);

19 “(III) 25 percent shall be attrib-
20 uted to subparagraph (B)(iii); and

21 “(IV) 12.5 percent shall be at-
22 tributed to subparagraph (B)(iv); and

23 “(iii) establish the procedures for the
24 determination of scores for individual insti-

1 tutions, and for the resolution of disputes
2 concerning such scores.”.

3 **SEC. 4. USE OF EDUCATIONAL QUALITY INDEX IN PRO-**
4 **GRAM INTEGRITY REVIEWS.**

5 (a) STATE REVIEW ENTITY CRITERIA.—Section
6 494C(a)(1) of the Higher Education Act of 1965 (20
7 U.S.C. 1099a–3(a)(1)) is amended by inserting before the
8 period the following: “or, in the case of a proprietary insti-
9 tution of higher education, an educational quality index
10 score that does not equal or exceed the minimum estab-
11 lished by the Secretary under section 435(a)(4)(B)(i)”.

12 (b) PROGRAM REVIEW.—Section 498A(a)(2)(A) of
13 such Act (20 U.S.C. 1099c–1(a)(2)(A)) is amended by in-
14 serting before the semicolon the following: “or, in the case
15 of a proprietary institution of higher education, an edu-
16 cational quality index score that does not equal or exceed
17 the minimum established by the Secretary under section
18 435(a)(4)(B)(i)”.

○