H. R.

To amend the Higher Education Act of 1965 to provide for fiscal accountability, to require institutions of higher education to publish information regarding student success, to provide for school accountability for student loans, and for other purposes.

SECTION 1. SHORT TITLE.

This Act may be cited as the “Higher Education Reform and Opportunity Act”.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
TITLE I—FISCAL ACCOUNTABILITY

SEC. 101. SIMPLIFICATION OF FEDERAL STUDENT LOANS.

(a) TERMINATION.—Section 451 of the Higher Education Act of 1965 (20 U.S.C. 1087a) is amended—

(1) in subsection (a), by adding at the end the following: “No sums may be expended after September 30, 2028, with respect to loans under this part for which the first disbursement is after such date, except Federal Direct simplification loans under section 460A.”; and

(2) by adding at the end, the following:

“(d) TERMINATION OF AUTHORITY TO MAKE NEW LOANS.—Notwithstanding subsection (a) or any other provision of law—

“(1) no new loans may be made under this part after September 30, 2028, except Federal Direct simplification loans under section 460A; and

“(2) no funds are authorized to be appropriated, or may be expended, under this Act, or any other Act to make loans under this part for which the first disbursement is after September 30, 2028, except Federal Direct simplification loans under section 460A, or as expressly authorized by an Act of
Congress enacted after the date of enactment of the Higher Education Reform and Opportunity Act.

“(e) Student Eligibility Beginning With Award Year 2024.—

“(1) New borrowers.—No loan may be made under this part to a new borrower for which the first disbursement is after June 30, 2024, except Federal Direct simplification loans under section 460A.

“(2) Borrowers with outstanding balances.—Subject to paragraph (3), with respect to a borrower who, as of July 1, 2024, has an outstanding balance of principal or interest owing on a loan made under this part that is not a Federal Direct simplification loan under section 460A, such borrower may—

“(A) in the case of such a loan made to the borrower for enrollment in a program of undergraduate education, borrow loans made under this part that are not Federal Direct simplification loans under section 460A for any program of undergraduate education through the close of September 30, 2028;

“(B) in the case of such a loan made to the borrower for enrollment in a program of graduate or professional education, borrow
loans made under this part that are not Federal Direct simplification loans under section 460A for any program of graduate or professional education through the close of September 30, 2028; and

“(C) in the case of such a loan made to the borrower on behalf of a dependent student for the student’s enrollment in a program of undergraduate education, borrow loans made under this part that are not Federal Direct simplification loans under section 460A on behalf of such student through the close of September 30, 2028.

“(3) LOSS OF ELIGIBILITY.—A borrower described in paragraph (2) who borrows a Federal Direct simplification loan made under section 460A for which the first disbursement is made before September 30, 2028, shall lose the borrower’s eligibility to borrow a loan under this part that is not a Federal Direct simplification loan under section 460A in accordance with paragraph (2).”.

(b) FEDERAL DIRECT SIMPLIFICATION LOANS.—Part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) is amended by adding at the end the following:
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“SEC. 460A. FEDERAL DIRECT SIMPLIFICATION LOANS.

“(a) IN GENERAL.—Beginning on July 1, 2024, except as provided in section 451(e), the Secretary shall make loans to borrowers under this section. Loans made under this section shall be known as Federal Direct simplification loans.

“(b) FEDERAL DIRECT SIMPLIFICATION LOANS.—The provisions of this part shall apply with respect to Federal Direct simplification loans, except that Federal Direct simplification loans shall be made in accordance with the following:

“(1) The applicable rate of interest on a loan made under this section shall—

“(A) in the case of such loans issued to undergraduate students, for loans disbursed during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to the lesser of—

“(i) a rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 2.05 percent; or

“(ii) 8.25 percent; and

“(B) in the case of such loans issued to graduate or professional students, for loans dis-
bursed during any 12-month period beginning
on July 1 and ending on June 30, be deter-
mined on the preceding June 1 and be equal to
the lesser of—

“(i) a rate equal to the high yield of
the 10-year Treasury note auctioned at the
final auction held prior to such June 1
plus 3.6 percent; or

“(ii) 9.5 percent.

“(2) Interest on a loan made under this section
shall begin to accrue on the date the loan is dis-
bursed.

“(3) The maximum—

“(A) annual amount of loans under this
section a dependent undergraduate student may
borrow in any academic year (as defined in sec-
tion 481(a)(2)) or its equivalent shall be equal
to $7,500; and

“(B) aggregate amount of loans under this
section a dependent undergraduate student may
borrow shall be equal to $30,000.

“(4) The maximum—

“(A) annual amount of loans under this
section an independent undergraduate student
may borrow in any academic year (as defined in
section 481(a)(2)) or its equivalent shall be
equal to $15,000; and

“(B) aggregate amount of loans under this
section an undergraduate independent student
may borrow shall be equal to $60,000.

“(5) The maximum—

“(A) annual amount of loans under this
section a graduate or professional student may
borrow in any academic year (as defined in sec-
tion 481(a)(2)) or its equivalent shall be equal
to $18,500; and

“(B) aggregate amount of loans under this
section a graduate or professional student may
borrow shall be equal to $74,000.

“(6) The only length of repayment—

“(A) for a loan borrowed by an under-
graduate student shall be 15 years; and

“(B) for a loan borrowed by a graduate or
professional student shall be 25 years.

“(7) Repayment on a loan made under this sec-
tion shall begin—

“(A) after 125 percent of the normal time
for completion of the program of study for
which the borrower receives the loan under this
section; or
“(B) if the borrower withdraws from the
program of study before the borrower completes
the program, 6 months after the date the bor-
rower withdraws.

“(8) The Secretary shall not repay or cancel
any outstanding balance of principal or interest due
on a Federal Direct simplification loan as part of a
student loan forgiveness program, including such a
program under section 455(m) and section 493C.

“(c) AUTHORIZATION TO LIMIT LOAN AMOUNTS.—
An institution of higher education that is required under
State law to enroll all eligible applicants for an academic
year may limit the amount of loans under this section that
a student may borrow for such academic year to not more
than the tuition and fees at such institution for such aca-
demic year.

“(d) LOAN FEE.—The Secretary shall not charge the
borrower of a loan made under this part an origination
fee.

“(e) REPAYMENT.—A borrower of a loan made under
this section may accelerate without penalty repayment of
the whole or any part of the loan.”.

SEC. 102. PHASING OUT LOAN FORGIVENESS.

et seq.) is amended—
(1) in section 455—

(A) in subsection (d)(1), in the matter preceding subparagraph (A), by inserting “(except a Federal Direct simplification loan)” after “borrower of a loan made under this part”;

(B) in subsection (e), by adding at the end the following:

“(9) Federal direct simplification loans.—Income contingent repayment shall not be available for a Federal Direct simplification loan.”;

and

(C) in subsection (m), by adding at the end the following:

“(5) Elimination of loan forgiveness.—

“(A) In general.—Notwithstanding any other provision of this Act and subject to subparagraph (B), with respect to any loan made on or after July 1, 2024, the Secretary may not cancel any outstanding balance of principal and interest due on the loan for the borrower of the loan pursuant to this subsection.

“(B) Loans for continuing program of study.—In the case of a borrower whose first loan for a program of study is made prior to July 1, 2024, the Secretary may repay or
cancel any outstanding balance of principal and interest due on the subsequent loans for that borrower for the same program of study pursuant to this subsection for—

“(i) loans made during the time it takes to complete that program of study; or

“(ii) loans made before July 1, 2028; whichever occurs earlier.”; and

(2) in section 493C, by adding at the end the following:

“(f) ELIMINATION OF LOAN FORGIVENESS.—

“(1) IN GENERAL.—Notwithstanding any other provision of this Act and subject to paragraph (2), with respect to any loan made on or after July 1, 2024, the Secretary may not repay or cancel any outstanding balance of principal and interest due on the loan for the borrower of the loan pursuant to this section.

“(2) LOANS FOR CONTINUING PROGRAM OF STUDY.—In the case of a borrower whose first loan for a program of study is made prior to July 1, 2024, the Secretary may repay or cancel any outstanding balance of principal and interest due on the
subsequent loans for that borrower for the same pro-
gram of study pursuant to this section for—
“(A) loans made during the time it takes
to complete that program of study; or
“(B) loans made before July 1, 2028;
whichever occurs earlier.”.

**TITLE II—ACCREDITATION REFORM**

**SEC. 201. ACCREDITATION REFORM.**

(a) **DEFINITION OF INSTITUTION OF HIGHER EDUCATION.**—Section 102(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1002(a)(1)) is amended—

(1) by redesignating subparagraphs (B) and
(C) as subparagraphs (C) and (D), respectively; and

(2) by inserting after subparagraph (A) the fol-
lowing:

“(B) if accredited by an authorized accred-
itiation authority in a State that has an alter-
native accreditation agreement with the Sec-
retary, as described in section 498C—

“(i) an institution that provides post-
secondary education;

“(ii) a postsecondary apprenticeship
program; or
“(iii) a postsecondary education course or program provided by an institution of postsecondary education, a non-profit organization, or a for-profit organization or business;”.

(b) State Alternative Accreditation.—Part H of title IV of the Higher Education Act of 1965 (20 U.S.C. 1099a et seq.) is amended by adding at the end the following:

“Subpart 4—State Alternative Accreditation

“SEC. 498C. STATE ALTERNATIVE ACCREDITATION.

“(a) In General.—Notwithstanding any other provision of law, a State may establish an alternative accreditation system for the purpose of establishing institutions that provide postsecondary education and postsecondary education courses or programs as eligible for funding under title IV if the State submits a plan to the Secretary for the establishment of the alternative accreditation system. Such institutions, courses, or programs may include—

“(1) institutions that provide postsecondary education that culminates in a certification, credential, or degree;
“(2) postsecondary apprenticeship programs that culminate in a certification, credential, or degree;

“(3) any other postsecondary education course or program offered at an institution of postsecondary education, a nonprofit organization, or a for-profit organization or business, that culminates in a certification, credential, or degree; and

“(4) any of the entities described in paragraphs (1) through (3) that do not award a postsecondary certification, credential, or degree, provided that such entity provides credit that will be accepted toward a postsecondary certification, credential, or degree at one or more of the entities described in paragraphs (1) through (3).

“(b) ALTERNATIVE ACCREDITATION NOTIFICATION.—The alternative accreditation plan described in subsection (a) shall include the following:

“(1) The State’s plan for designating one or more authorized accrediting entities within the State, such as the State Department of Education, another State agency, an industry-specific accrediting agency, or another entity, and an explanation of the process through which the State will select such authorized accrediting entities.
“(2) The standards or criteria that an institution that provides postsecondary education and a postsecondary education course or program must meet in order to—

“(A) receive an initial accreditation as part of the alternative accreditation system; and

“(B) maintain such accreditation.

“(3) A description of the appeals process through which an institution that provides postsecondary education or a postsecondary education course or program may appeal to an authorized accrediting entity if such institution, course, or program is denied accreditation under the State alternative accreditation system.

“(4) Any State policy regarding public accessibility to certain information relating to institutions that provide postsecondary education and postsecondary education courses and programs accredited under the State alternative accreditation system, including—

“(A) the information described in subsection (e)(1); and

“(B) information about the rates of job placement for individuals that have graduated from an institution or completed a course or
program that is accredited under the State alternative accreditation system, if available.

“(5) An assurance by the State that under the State alternative accreditation system, only institutions that provide postsecondary education and postsecondary education courses or programs that provide a postsecondary certification, credential, or degree, or credits toward a postsecondary certification, credential, or degree (as defined by the State in accordance with paragraph (6)) will be accredited.

“(6) The State’s definition of a postsecondary certification, credential, or degree, as such term applies to the requirement described in paragraph (5).

“(7) A description of the agreements that the State will enter into with institutions that provide postsecondary education and postsecondary education courses or programs that are accredited under the alternative accreditation system for purposes of accreditation regarding requirements for learning outcomes or labor market outcomes, in lieu of the requirements described under section 496(a)(5).

“(8) A description of the agreements that the State will enter into with institutions that provide postsecondary education and postsecondary edu-
cation courses or programs that are accredited under the alternative accreditation system for purposes of accreditation regarding requirements for instructional time, in lieu of the requirements described under section 481(a)(2).

“(9) A description of the agreements that the State will enter into with institutions that provide postsecondary education and postsecondary education courses or programs that are accredited under the alternative accreditation system regarding requirements for credit hours or clock hours, or other measures of student learning, in lieu of the requirements described under section 481(b).

“(c) REVIEW AND APPROVAL.—Not later than 30 days after the Secretary receives a plan from a State regarding an alternative accreditation system, the Secretary shall submit to the State and Congress, and make publicly available, a response to the State’s plan. The Secretary shall approve the plan and allow the State to establish the alternative accreditation system if the plan meets the requirements described in subsection (b).

“(d) TIME LIMIT.—Each plan approved under subsection (e) shall allow a State to carry out an alternative accreditation system in the State for a period of 5 years.
“(e) Reporting Requirements.—States that establish an alternative accreditation system shall submit a report to the Secretary every 3 years following the implementation of the alternative accreditation system. The report shall include—

“(1) in the case of a postsecondary education course or program that is accredited through the State alternative accreditation system—

“(A) the number and percentage of students who successfully complete each such postsecondary education course or program; and

“(B) for postsecondary education courses or programs that lead to a certification, credential, or degree, the number of students in such course or program; and

“(2) in the case of an institution that provides postsecondary education that is accredited through the State alternative accreditation system—

“(A) the number and percentage of students who successfully obtain a postsecondary certification, credential, or degree from such institution; and

“(B) the number and percentage of students who do not successfully obtain a postsecondary certification, credential, or degree from
such institution but do obtain credit from such
institution toward a postsecondary degree, cre-
dential, or certification; and
“(3) a description of any requirements for
third-party verification of information contained in
the report.”.

(e) TITLE IV ELIGIBILITY REQUIREMENTS.—Part G
1088 et seq.) is amended by adding at the end the fol-
lowing:

“SEC. 494A. STATE ACCREDITED INSTITUTIONS, PRO-
GRAMS, OR COURSES.

“Notwithstanding any other provision of law, an in-
stitution, program, or course that is eligible for funds
under this title in accordance with section 102(a)(1)(B)
and meets the requirements of section 498C—

“(1) shall not be required to meet the require-
ments of section 496; and

“(2) shall not be required to meet the require-
ments described in subsections (a)(2) and (b) of sec-
tion 481.”.
TITLE III—TRANSPARENCY IN HIGHER EDUCATION

SEC. 301. TIME FOR TRANSPARENCY IN HIGHER EDUCATION.

(a) In General.—Title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) is amended—

(1) in section 487(a), by adding at the end the following:

“(30) The institution will publish information in compliance with section 494B.”; and

(2) in part G, by adding at the end the following:

“SEC. 494B. INSTITUTIONAL PUBLICATION OF INFORMATION.

“(a) Publication of Information.—

“(1) In general.—Each institution of higher education participating in a program under this title shall publish on the institution’s website and in an alternative format, on an annual basis, the information described in paragraphs (2) and (3). To the extent that such data is available, an institution may use data that the institution is already collecting in accordance with other Federal requirements.

“(2) Information.—Each institution of higher education described in paragraph (1) shall publish,
with respect to the institution as a whole and with respect to each program of study offered by the institution, the following information for the most recent fiscal year for which the information is available, to the extent the information is available:

“(A) For each of the following, the percentage and number of students enrolled at the institution or in the program of study, as applicable, who receive the following:

“(i) Federal grant aid, including Federal Pell Grants under subpart 1 of part A, Federal Supplemental Educational Opportunity Grants under subpart 3 of part A, or any other Federal postsecondary education grant aid or subsidy.

“(ii) Federal student loans, including Federal loans under part D.

“(iii) State grant aid.

“(iv) Institutional grants.

“(v) A student loan from a State.

“(B) Student body enrollment status, including as a—

“(i) first-time, full-time student;

“(ii) first-time, part-time student;
“(iii) non-first-time, full-time student;

and

“(iv) non-first-time, part-time student.

“(C) Information about students that includes the following:

“(i) The percentage of students who do not complete the program of study the student initially started upon enrollment.

“(ii) The percentage of students who transfer.

“(iii) The percentage of students who complete the program of study the student initially started upon enrollment.

“(iv) The average length of time for a student to complete the program of study.

“(v) The percentage of students who continue on to higher levels of education.

“(vi) The percentage of former students who received financial aid who are employed at 2, 4, and 6 years after graduating, disaggregated by program of study.

“(vii) The median earnings of former students who earned a degree or credential and received financial aid on the date that is 5, 10, and 15 years after the date the
students first enrolled in a program of study at the institution, disaggregated by program of study.

“(viii) The median earnings of former students who received financial aid on the date that is 5, 10, and 15 years after the date the students first enrolled in a program of study at the institution, disaggregated by program of study.

“(3) Publication of default and non-repayment rates.—In addition to the information described in paragraph (2), each institution of higher education described in paragraph (1) shall publish, with respect to the institution as a whole and with respect to each program of study offered by the institution, the following information for the most recent fiscal year for which the information is available:

“(A) The average amount of total Federal student loan debt accrued upon graduation.

“(B) The average amount of total Federal student loan debt accrued by students who leave the institution without having graduated.

“(C) Federal student loan default rate.
“(D) Federal student loan non-repayment rate.

“(E) Default and non-repayment rate, including as a—

“(i) first-time, full-time student;
“(ii) first-time, part-time student;
“(iii) non-first-time, full-time student; and
“(iv) non-first-time, part-time student.

“(F) Default and non-repayment rate, of—

“(i) students who complete a program of study;
“(ii) students who transfer; and
“(iii) students who do not complete a program of study.

“(b) PRIVACY.—

“(1) COMPLIANCE WITH FERPA.—In carrying out this section, an institution of higher education and any personnel of the institution shall not share any personally identifiable information and shall act in accordance with section 444 of the General Education Provisions Act (20 U.S.C. 1232g, commonly known as the ‘Family Educational Rights and Privacy Act of 1974’).
“(2) Prohibition on Use of Information.— Information published pursuant to this section shall not be used by a Federal employee, agency, or officer, or an institution of higher education to take action against an individual.

“(3) Penalties.—The Secretary shall establish penalties for a violation of paragraph (1) or (2) that includes both a monetary fine and up to 5 years in prison.

“(c) Rule of Construction.—Nothing in this section shall be construed to authorize or permit the Secretary or any employee or contractor of the Department to mandate, direct, or control the selection of practices or curriculum by an institution of higher education.”.

(b) GAO Report.—

(1) Study.—The Comptroller General of the United States shall conduct a study that compiles all the institutional publication of information pursuant to section 494B of the Higher Education Act of 1965, as added by subsection (a) of this section.

(2) Report.—Not later than October 1 of the fourth fiscal year after the date of enactment of this Act, the Comptroller General of the United States shall submit a report containing the results of the
study under paragraph (1) to the appropriate com-
mittees of Congress.

TITLE IV—SCHOOL ACCOUNT-
ABILITY FOR STUDENT
LOANS

SEC. 401. SCHOOL ACCOUNTABILITY FOR STUDENT LOANS.

(a) DEFAULT RATE FINE.—Section 487 of the High-
er Education Act of 1965 (20 U.S.C. 1094), as amended
by section 201, is further amended—

(1) in subsection (a), by adding at the end the
following:

“(31) The institution will pay a default rate
fine that is determined pursuant to subsection (k).”;
and

(2) by adding at the end the following:

“(k) DEFAULT RATE FINE.—

“(1) IN GENERAL.—Each institution shall pay
to the Secretary an annual default rate fine in ac-
cordance with this subsection in an amount deter-
mined under paragraph (2).

“(2) FINE.—

“(A) IN GENERAL.—Each institution shall
pay a default rate fine for a fiscal year in an
amount that is equal to the applicable percent-
age of outstanding loans.
“(B) APPLICABLE PERCENTAGE.—In this paragraph the term ‘applicable percentage’ means a percentage equal to—

“(i) 15 percent; minus

“(ii) the average rate of total unemployment in the United States, as determined by the Secretary of Labor.

“(C) OUTSTANDING LOANS.—In this paragraph the term ‘outstanding loans’ means the total amount of loans issued to students for attendance at the institution, for which regular on-time payments are not being made.

“(D) REGULAR ON-TIME PAYMENTS.—In this paragraph the term ‘regular on-time payments’ means payments that are, at a minimum, equal to the fixed monthly amount necessary to pay off the total amount of Federal student loans of the borrower within the allotted repayment time based on the borrower’s repayment plan.

“(3) CREDIT FOR CERTAIN INSTITUTIONS.—Each institution shall receive a $400 credit for a fiscal year for each graduate of the institution who received a Federal Pell Grant while enrolled at the institution during such fiscal year.
“(4) FLEXIBILITY IN COUNSEL AND ADVICE.—
Notwithstanding any other provision of the Act, the Secretary shall grant institutions of higher education flexibility under this Act to counsel and advise students on Federal financial aid, including granting flexibility for institutions to award less than the maximum amount of Federal student aid for which an individual is eligible if the cost of tuition, room, and board at the institution is less than such maximum amount.”.

(b) FLEXIBILITY IN COUNSELING AND ADVICE.—
Section 485(l) of the Higher Education Act of 1965 (20 U.S.C. 1092(l)) is amended by adding at the end the following:

“(3) FLEXIBILITY IN COUNSELING AND ADVICE.—In addition to the entrance counseling under paragraph (1), an eligible institution may require any borrower, at or prior to the time of a disbursement to the borrower of a loan made under part D, to receive the information described in paragraph (2) with respect to such loan, or any other financial counseling, including financial literacy counseling.”.