

116TH CONGRESS
1ST SESSION

H. R. 3112

To revise the 90–10 rule under the Higher Education Act of 1965, and
for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2019

Ms. WATERS introduced the following bill; which was referred to the Committee on Education and Labor, and in addition to the Committees on Armed Services, and Veterans' Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To revise the 90–10 rule under the Higher Education Act
of 1965, and for other purposes.

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 “For-Profit Fraud Act”.

5 **SEC. 2. 85/15 RULE.**

6 Section 487 of the Higher Education Act of 1965 (20
7 U.S.C. 1094) is amended—

8 (1) in subsection (a)(24)—

1 (A) by striking “In the case” and insert-
2 ing:

3 “(A) In the case”;

4 (B) by striking “not less than ten percent
5 of such institution’s revenues from sources
6 other than funds provided under this title” and
7 inserting “not less than 15 percent of such in-
8 stitution’s revenues from sources other than
9 Federal funds”; and

10 (C) by adding at the end the following:

11 “(B) FEDERAL FUNDS.—In this paragraph, the
12 term ‘Federal funds’ means any Federal funds pro-
13 vided, under this Act or any other Federal law,
14 through a grant, contract, subsidy, loan, guarantee,
15 insurance, or other means to a proprietary institu-
16 tion, including Federal funds disbursed or delivered
17 to an institution or on behalf of a student or to a
18 student to be used to attend the institution, except
19 that such term shall not include any monthly hous-
20 ing stipend provided under the Post-9/11 Edu-
21 cational Assistance Program under chapter 33 of
22 title 38, United States Code.”; and

23 (2) in subsection (d)—

24 (A) in the heading, by amending the head-
25 ing to read as follows: “IMPLEMENTATION OF

REVENUE REQUIREMENTS FOR NON-FEDERAL
EDUCATION ASSISTANCE FUNDS”; and

(B) in paragraph (2)(A), by inserting at
the end the following: “The Secretary of Edu-
cation shall notify the Secretary of Defense and
the Secretary of Veterans Affairs when, by rea-
son of failing to meet a requirement of sub-
section (a)(24), a proprietary institution of
higher education becomes ineligible to partici-
pate in the programs authorized by this title,
and when the institution regains such eligi-
bility.”;

**SEC. 3. INELIGIBILITY OF CERTAIN PROPRIETARY INSTITU-
TIONS OF HIGHER EDUCATION TO PARTICI-
PATE IN DEPARTMENT OF DEFENSE OR DE-
PARTMENT OF VETERANS AFFAIRS PRO-
GRAMS OF EDUCATIONAL ASSISTANCE.**

(a) DEPARTMENT OF DEFENSE.—

(1) IN GENERAL.—Chapter 101 of title 10,
United States Code, is amended by inserting after
section 2008 the following new section:

1 **“§ 2008a. Ineligibility of certain proprietary institu-**
 2 **tions of higher education to participate**
 3 **in Department of Defense programs of**
 4 **educational assistance**

5 “Upon notice from the Secretary of Education under
 6 section 487(d)(2)(A) of the Higher Education Act of 1965
 7 (20 U.S.C. 1094(d)(2)(A)) that a proprietary institution
 8 of higher education is ineligible to participate in the pro-
 9 grams authorized by title IV of such Act (20 U.S.C. 1070
 10 et seq.), the Secretary of Defense shall ensure that no edu-
 11 cational assistance provided by the Secretary under this
 12 title or any other provision of law is available or used for
 13 education at the institution for the period of institutional
 14 fiscal years during which the institution remains ineligible
 15 to participate in the programs authorized by title IV of
 16 the Higher Education Act of 1965 (20 U.S.C. 1070 et
 17 seq.).”.

18 (2) CLERICAL AMENDMENT.—The table of sec-
 19 tions at the beginning of chapter 101 of such title
 20 is amended by inserting after the item relating to
 21 section 2008 the following new item:

“2008a. Ineligibility of certain proprietary institutions of higher education to
 participate in Department of Defense programs of educational
 assistance.”.

22 (b) DEPARTMENT OF VETERANS AFFAIRS.—

1 (1) IN GENERAL.—Subchapter II of chapter 36
2 of title 38, United States Code, is amended by in-
3 serting after section 3681 the following new section:

4 **“§ 3681A. Ineligibility of certain proprietary institu-**
5 **tions of higher education to participate**
6 **in Department of Veterans Affairs pro-**
7 **grams of educational assistance**

8 “(a) IN GENERAL.—Upon notice from the Secretary
9 of Education under section 487(d)(2)(A) of the Higher
10 Education Act of 1965 (20 U.S.C. 1094(d)(2)(A)) that
11 a proprietary institution of higher education is ineligible
12 to participate in the programs authorized by title IV of
13 such Act (20 U.S.C. 1070 et seq.), the Secretary of Vet-
14 erans Affairs shall ensure that no educational assistance
15 provided by the Secretary under this title or any other
16 provision of law is available or used for education at the
17 institution for the period of institutional fiscal years dur-
18 ing which the institution remains ineligible to participate
19 in the programs authorized by title IV of the Higher Edu-
20 cation Act of 1965 (20 U.S.C. 1070 et seq.).”.

21 (2) CLERICAL AMENDMENT.—The table of sec-
22 tions at the beginning of chapter 36 of such title is
23 amended by inserting after the item relating to sec-
24 tion 3681 the following new item:

“3681A. Ineligibility of certain proprietary institutions of higher education to participate in Department of Veterans Affairs programs of educational assistance.”.

