

113TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
2d Session } 113-

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ADVANCING COMPETENCY-BASED EDUCATION  
DEMONSTRATION PROJECT ACT OF 2014

JULY --, 2014.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

Mr. KLINE, from the Committee on Education and the Workforce,  
submitted the following

R E P O R T

together with

ADDITIONAL AND MINORITY VIEWS

[To accompany H.R. 3136]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 3136) to establish a demonstration program for competency-based education, 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 “Advancing Competency-Based Education Demonstration Project Act of 2014”.

**SEC. 2. COMPETENCY-BASED EDUCATION DEMONSTRATION PROJECTS.**

(a) **PROJECTS.**—Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.) is amended by inserting after section 486A the following:

**“SEC. 486B. COMPETENCY-BASED EDUCATION DEMONSTRATION PROJECTS.**

“(a) **DEMONSTRATION PROJECTS AUTHORIZED.**—The Secretary shall select, in accordance with subsection (c), eligible entities to voluntarily carry out competency-based education demonstration projects and receive waivers described in subsection (d) to carry out such projects.

“(b) **APPLICATION.**—

“(1) **IN GENERAL.**—Each eligible entity desiring to carry out a demonstration project under this section shall submit an application to the Secretary, at such time and in such manner as the Secretary may require.

“(2) AMENDMENTS.—An eligible entity may submit to the Secretary amendments to the eligible entity’s application under paragraph (1), at such time and in such manner as the Secretary may require, which the Secretary shall approve or deny within 15 days of receipt.

“(3) CONTENTS.—Each application shall include—

“(A) a description of the competency-based education to be offered by the eligible entity under the demonstration project;

“(B) a description of the proposed academic delivery, business, and financial models for the demonstration project, including explanations of how competency-based education offered under the demonstration project would—

“(i) result in the achievement of competencies;

“(ii) differ from standard credit hour approaches, in whole or in part;

and

“(iii) result in lower costs or shortened time to degree, certificate, or credential completion;

“(C) a description of how the competency-based education offered under the demonstration project will progress a student toward completion of a degree, certificate, or credential;

“(D) a description of how the eligible entity will articulate the transcript from the competency-based education demonstration project to another program within an institution of higher education that is part of the eligible entity or to another institution of higher education;

“(E) a description of the statutory and regulatory requirements described in subsection (d) for which the eligible entity is seeking a waiver, and why such waiver is necessary to carry out the demonstration project;

“(F) a description of how the eligible entity will develop and evaluate the competencies and assessments of student knowledge (which may include prior-learning assessments) administered as part of the demonstration project, including how such competencies and assessments are aligned with workforce needs;

“(G) a description of the proposal for determining a student’s Federal student aid eligibility under this title for participating in the demonstration project, the award and distribution of such aid, and safeguards to ensure that students are making satisfactory progress that warrants disbursement of such aid;

“(H) a description of the students to whom competency-based education will be offered, including an assurance that the demonstration project will enroll a minimum of 50 and a maximum of 3,000 students;

“(I) an assurance that students participating in the demonstration project will not be eligible for more Federal assistance under this title than such students would have been eligible for under a traditional program; and

“(J) an assurance the eligible entity will identify and disseminate best practices with respect to the demonstration project to other eligible entities carrying out a demonstration project under this section.

“(c) SELECTION.—

“(1) IN GENERAL.—Not later than 6 months after the date of enactment of this section, the Secretary shall select not more than 20 eligible entities to carry out a competency-based education demonstration project under this section.

“(2) CONSIDERATIONS.—In selecting eligible entities under paragraph (1), the Secretary shall—

“(A) prioritize projects which show promise in reducing the time or cost required to complete a degree, certificate, or credential;

“(B) consider the number and quality of applications received;

“(C) consider an eligible entity’s—

“(i) ability to successfully execute the demonstration project as described in the eligible entity’s application under subsection (b);

“(ii) commitment and ability to effectively finance the demonstration project;

“(iii) ability to provide administrative capability and the expertise to evaluate student progress based on measures other than credit hours or clock hours; and

“(iv) commitment to work with the Secretary to evaluate the demonstration project and the impact of the demonstration project;

“(D) ensure the selection of a diverse group of eligible entities with respect to size, mission, and geographic distribution of the eligible entities;

“(E) not limit the types of programs of study or courses of study approved for participation in a demonstration project; and

“(F) not select an eligible entity that has had, for 1 of the preceding 2 fiscal years—

“(i) a cohort default rate (defined in section 435(m)) that is 30 percent or greater; and

“(ii) a borrowing rate of loans under this title of more than 50 percent of the students enrolled at institutions of higher education of the eligible entity.

“(d) WAIVERS.—The Secretary may waive for any eligible entity selected to carry out a demonstration project under this section any requirements of the following provisions of law (including any regulations promulgated under such provisions) or regulations and for which the eligible entity has provided a reason for waiving under subsection (b)(3)(E):

“(1) Subparagraphs (A) and (B) of section 102(a)(3).

“(2) Subsections (a) and (b) of section 481, as such subsections relate to requirements for a minimum number of weeks of instruction.

“(3) Section 484(l)(1).

“(4) Section 668.32(a)(1)(iii) of title 34, Code of Federal Regulations.

“(5) Any of the requirements under provisions in title I, part F of this title, or this part, that inhibit the operation of competency-based education, including requirements with respect to—

“(A) documenting attendance;

“(B) weekly academic activity;

“(C) minimum weeks of instructional time;

“(D) requirements for credit hour or clock hour equivalencies;

“(E) requirements for substantive interaction with faculty; and

“(F) definitions of the terms ‘academic year’, ‘full-time student’, ‘term’ (including ‘standard term’, ‘non-term’, and ‘non-standard term’), ‘satisfactory academic progress’, ‘educational activity’, ‘project of study’, and ‘payment period’.

“(e) NOTIFICATION.—Not later than 6 months after the date of enactment of this section, the Secretary shall make available to the authorizing committees and the public a list of eligible entities selected to carry out a demonstration project under this section, which shall include for each such eligible entity—

“(1) the specific statutory and regulatory requirements being waived under subsection (d); and

“(2) a description of the competency-based education programs of study or courses of study to be offered under the project.

“(f) INFORMATION AND EVALUATION.—

“(1) INFORMATION.—

“(A) IN GENERAL.—Each eligible entity that carries out a demonstration project under this section shall provide to the Director of the Institution of Education Sciences with respect to the students participating in the competency-based education project carried out by the eligible entity the following information:

“(i) The average number of credit hours the students earned prior to enrollment in the demonstration project, if applicable.

“(ii) The number and percentage of students participating in the demonstration project that are also enrolled in programs of study or courses of study offered in credit hours or clock hours, disaggregated by student status as a first-year, second-year, third-year, fourth-year, or other student.

“(iii) The average period of time between the enrollment of a student in the demonstration project and the first assessment of student knowledge of such student.

“(iv) The average time to 25 percent, 50 percent, 75 percent, and 100 percent of the completion of a degree, certificate, or credential by a student who participated in the demonstration project.

“(v) The percentage of assessments of student knowledge that students passed on the first attempt, during the period of the participation in the demonstration project by the students.

“(vi) The percentage of assessments of student knowledge that students passed on the second attempt and the average period of time between the first and second attempts by students, during the period of the participation in the demonstration project by the students.

- “(vii) The average number of competencies a student acquired while participating in the demonstration project and the period of time during which the student acquired such competencies.
- “(viii) Such other information as the Director may reasonably require.
- “(B) DISAGGREGATION.—Each eligible entity shall provide the information required under subparagraph (A) disaggregated by age, race, gender, disability status, and status as a recipient of a Federal Pell Grant, provided that the disaggregation of the information does not identify any individual student participating in the demonstration project.
- “(2) EVALUATION.—The Director of the Institute of Education Sciences, in consultation with the Secretary, shall annually evaluate each demonstration project under this section. Each evaluation shall include—
- “(A) the extent to which the eligible entity has met the goals set forth in its application to the Secretary;
- “(B) the number and types of students participating in the competency-based education offered under the project, including the progress of participating students toward completion of a degree, certificate, or credential, and the extent to which participation and retention in such project increased;
- “(C) whether the project led to reduced cost or time to completion of a degree, certificate, or credential, and the amount of cost or time reduced for such completion;
- “(D) obstacles related to student financial assistance for competency-based education;
- “(E) the extent to which statutory or regulatory requirements not waived under subsection (d) present difficulties for students or institutions of higher education;
- “(F) degree, certificate, or credential completion rates;
- “(G) retention rates;
- “(H) total cost and net cost to the student of the competency-based education offered under the project;
- “(I) a description of the assessments of student knowledge and the corresponding competencies; and
- “(J) outcomes of the assessments of student knowledge.
- “(3) ANNUAL REPORT.—The Director of the Institute of Education Sciences shall annually provide to the authorizing committees a report on—
- “(A) the evaluations of the demonstration projects required under paragraph (2);
- “(B) the number and types of students receiving assistance under this title for competency-based education under such projects;
- “(C) the retention and completion rates of students participating in such projects;
- “(D) any proposed statutory or regulatory changes designed to support and enhance the expansion of competency-based education, which may be independent of or combined with traditional credit hour or clock hour projects;
- “(E) the most effective means of delivering competency-based education through demonstration projects; and
- “(F) the appropriate level and distribution methodology of Federal assistance under this title for students enrolled in competency-based education.
- “(g) OVERSIGHT.—In carrying out this section, the Secretary shall, on a continuing basis—
- “(1) assure compliance of eligible entities with the requirements of this title (other than the provisions of law and regulations that are waived under subsection (d));
- “(2) provide technical assistance;
- “(3) monitor fluctuations in the student population enrolled in the eligible entities carrying out the demonstration projects under this section; and
- “(4) consult with appropriate accrediting agencies or associations and appropriate State regulatory authorities for additional ways of improving the delivery of competency-based education.
- “(h) DEFINITIONS.—For the purpose of this section:
- “(1) COMPETENCY-BASED EDUCATION.—The term ‘competency-based education’ means an educational process or program that measures knowledge, skills, and experience through assessments of such knowledge, skills, or experience in place of or in addition to the use of credit hours or clock hours.

“(2) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—

“(A) an institution of higher education;

“(B) a system of institutions of higher education; or

“(C) a consortium of institutions of higher education.

“(3) INSTITUTION OF HIGHER EDUCATION.—The term ‘institution of higher education’ has the meaning given the term in section 102, except that such term does not include institutions described in section 102(a)(1)(C).”

(b) RULE OF CONSTRUCTION.—Nothing in this Act or the amendments made by this Act shall be construed to alter the authority of the Secretary of Education to establish experimental sites under any other provision of law.

(c) FUNDING.—

(1) USE OF EXISTING FUNDS.—Of the amount authorized to be appropriated for salaries and expenses of the Department of Education, \$1,000,000 shall be available to carry out this Act and the amendments made by this Act.

(2) NO ADDITIONAL FUNDS AUTHORIZED.—No funds are authorized to be appropriated by this Act to carry out this Act or the amendments made by this Act.

**H.R. 3136, THE ADVANCING COMPETENCY-BASED EDUCATION  
DEMONSTRATION PROJECT ACT OF 2014**

**COMMITTEE REPORT**

**PURPOSE**

H.R. 3136, the *Advancing Competency-Based Education Demonstration Act of 2014*, directs the secretary of education to select eligible entities to participate in demonstration projects receiving waivers from statutory and regulatory requirements that impede the delivery of competency-based education.

**COMMITTEE ACTION**

As the Committee on Education and the Workforce begins the *Higher Education Act* reauthorization process, increasing transparency and usefulness of higher education data; simplifying and improving the federal student aid programs; and promoting innovation, access, and completion remain top priorities.

112<sup>th</sup> Congress

*Hearings – First Session*

On March 1, 2011, the Committee on Education and the Workforce held a hearing in Washington, D.C., on “Education Regulations: Weighing the Burden on Schools and Students.” The hearing was the first in a series examining the burden of federal, state, and local regulations on the nation’s education system. The purpose of the hearing was to uncover the damaging effects of federal regulations on schools and institutions. These rules increasingly stifle growth and innovation, raise operating costs, and limit student access to affordable colleges and universities throughout the nation. Testifying before the committee were Dr. Edgar Hatrick, Superintendent, Loudon County Public Schools, Ashburn, Virginia; Ms. Kati Haycock, President, The Education Trust, Washington, D.C.; Mr. Gene Wilhoit, Executive Director, Council of Chief State School Officers, Washington, D.C.; and Mr. Christopher B. Nelson, President, St. John’s College, Annapolis, Maryland.

On March 11, 2011, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., on “Education Regulations: Federal Overreach into Academic Affairs.” The purpose of the hearing was to discuss the most egregious and intrusive pieces of the program integrity regulations issued by the U.S. Department of Education, specifically, the state authorization regulation and the credit hour regulation, and to uncover the unintended consequences of the regulations to states and institutions of higher education. Testifying before the subcommittee were Mr. John Ebersole, President, Excelsior College, Albany, New York; Dr. G. Blair Dowden, President, Huntington University, Huntington, Indiana; The Honorable Kathleen Tighe, Inspector General, U.S. Department of Education, Washington, D.C.; and Mr. Ralph Wolff, President, Western Association of Schools and Colleges, Alameda, California.

On March 17, 2011, the Committee on Education and the Workforce held a hearing in Washington, D.C., on “Education Regulations: Roadblocks to Student Choice in Higher Education.” The purpose of the hearing was to explore the harmful consequences of the gainful employment regulation issued by the U.S. Department of Education. Testifying before the committee were Ms. Catherine Barreto, Graduate, Monroe College, and Senior Sales Associate, Doubletree Hotels, Brooklyn, New York; Mr. Travis Jennings, Electrical Supervisor of the Manufacturing Launch Systems Group, Orbital Sciences Corporation, Chandler, Arizona; Dr. Arnold Mitchem, President, Council for Opportunity in Education, Washington, D.C.; and Ms. Jeanne Herrmann, Chief Operating Officer, Globe University/Minnesota School of Business, Woodbury, Minnesota.

On March 21, 2011, the Committee on Education and the Workforce held a hearing in Wilkes-Barre, Pennsylvania, on “Reviving our Economy: The Role of Higher Education in Job Growth and Development.” The purpose of the hearing was to highlight work by local colleges and universities to respond to local and state economic needs. Testifying before the committee were Mr. James Perry, President, Hazelton City Council, Hazelton, Pennsylvania; Mr. Jeffrey Alesson, Vice President of Strategic Planning and Quality Assurance, Diamond Manufacturing, Exeter, Pennsylvania; Dr. Reynold Verret, Provost, Wilkes University, Wilkes-Barre, Pennsylvania; Mr. Raymond Angeli, President, Lackawanna College, Scranton, Pennsylvania; Ms. Joan Seaman, Executive Director, Empire Beauty School, Moosic, Pennsylvania; and Mr. Thomas P. Leary, President, Luzerne County Community College, Nanticoke, Pennsylvania.

On March 22, 2011, the Committee on Education and the Workforce held a hearing in Utica, New York, on “Reviving our Economy: The Role of Higher Education in Job Growth and Development.” The purpose of the hearing was to highlight work by local colleges and universities to respond to local and state economic needs. Testifying before the committee were Mr. Anthony J. Picente, Jr., County Executive, Oneida County, Utica, New York; Mr. Dave Mathis, Director, Oneida County Workforce Development, Utica, New York; Dr. John Bay, Vice President and Chief Scientist, Assured Information Security, Inc., Rome, New York; Dr. Bjong Wolf Yeigh, President, State University of New York Institute of Technology, Utica, New York; Dr. Ann Marie Murray, President, Herkimer County Community College, Herkimer, New York; Dr. Judith Kirkpatrick, Provost, Utica College, Utica, New York; and Mr. Phil Williams, President, Utica School of Commerce, The Business College, Utica, New York.

On April 21, 2011, the Committee on Education and the Workforce held a hearing in Columbia, Tennessee, on “Reviving our Economy: The Role of Higher Education in Job Growth and Development.” The purpose of the hearing was to highlight the work by local colleges and universities to respond to local and state economic needs. Testifying before the committee were Dr. Janet Smith, President, Columbia State Community College, Columbia, Tennessee; Dr. Ted Brown, President, Martin-Methodist College, Pulaski, Tennessee; Mr. Jim Coakley, President, Nashville Auto-Diesel College, Nashville, Tennessee; The Honorable Dean Dickey, Mayor, City of Columbia, Tennessee; Ms. Susan Marlow, President and Chief Executive Officer, Smart Data Strategies, Franklin, Tennessee; Ms. Jan McKeel, Executive Director, South Central Tennessee Workforce Board, Columbia, Tennessee; and Ms. Margaret Prater, Executive Director, Northwest Tennessee Workforce Board, Dyersburg, Tennessee.

On July 8, 2011, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training, together with the House Committee on Oversight and Government Reform Subcommittee on Regulatory Affairs, Stimulus Oversight, and Government Spending, held a hearing in Washington, D.C., on “The Gainful Employment Regulation: Limiting Job Growth and Student Choice.” The purpose of the hearing was to explore the harmful consequences of the gainful employment regulation issued by the U.S. Department of Education. Testifying before the subcommittees were Dr. Dario A. Cortes, President, Berkeley College, New York City, New York; Dr. Anthony P. Carnevale, Director, Georgetown University Center on Education and the Workforce, Washington, D.C.; Ms. Karla Carpenter, Graduate, Herzing University and Program Manager, Quest Software, Madison, Wisconsin; and Mr. Harry C. Alford, President and Chief Executive Officer, National Black Chamber of Commerce, Washington, D.C.

On August 16, 2011, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Greenville, South Carolina, on “Reviving Our Economy: The Role of Higher Education in Job Growth and Development.” The purpose of the hearing was to highlight the work by local colleges and universities to respond to local and state economic needs. Testifying before the subcommittee were The Honorable Knox White, Mayor, City of Greenville, South Carolina; Mr. Werner Eikenbusch, Section Manager, Associate Development and Training, BMW Manufacturing Co., Spartanburg, South Carolina; Ms. Laura Harmon, Project Director, Greenville Works, Greenville, South Carolina; Dr. Brenda Thames, Vice President of Academic Development, Greenville Health System, Greenville, South Carolina; Mr. James F. Barker, President, Clemson University, Clemson, South Carolina; Dr. Thomas F. Moore, Chancellor, University of South Carolina Upstate, Spartanburg, South Carolina; Dr. Keith Miller, President, Greenville Technical College, Greenville, South Carolina; and Ms. Amy Hickman, Campus President, ECPI College of Technology, Greenville, South Carolina.

On October 25, 2011, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., on “Government-Run Student Loans: Ensuring the Direct Loan Program is Accountable to Students and Taxpayers.” The purpose of the hearing was to examine the switch to and implementation of the Direct Loan program. Testifying before the subcommittee were Mr. James W. Runcie, Chief Operating Officer, Office of Federal Student Aid, U.S. Department of Education, Washington, D.C.; Mr. Ron H. Day, Director of Financial Aid, Kennesaw State University, Kennesaw, Georgia; Ms. Nancy Hoover, Director of Financial Aid, Denison University, Granville, Ohio; and Mr. Mark A. Bandré, Vice President for Enrollment Management and Student Affairs, Baker University, Baldwin City, Kansas.

On November 30, 2011, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., on “Keeping College Within Reach: Discussing Ways Institutions Can Streamline Costs and Reduce Tuition.” The purpose of the hearing was to highlight innovative practices institutions of higher education are implementing to reduce their costs to limit tuition increases for students. Testifying before the subcommittee were Ms. Jane V. Wellman, Executive Director, Delta Project on Postsecondary Costs, Productivity, and Accountability, Washington, D.C.; Dr. Ronald E.

Manahan, President, Grace College and Seminary, Winona Lake, Indiana; Mr. Jamie P. Merisotis, President and Chief Executive Officer, Lumina Foundation for Education, Indianapolis, Indiana; and Mr. Tim Foster, President, Colorado Mesa University, Grand Junction, Colorado.

### *Legislative Action – First Session*

On February 17, 2011, the House of Representatives considered an amendment offered by Chairman John Kline (R-MN), Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (R-NC), and Rep. Alcee Hastings (D-FL) to H.R. 1, the *Disaster Relief Appropriations Act of 2013*. The amendment prohibited the use of funds by the U.S. Department of Education to implement and enforce the gainful employment regulation. The amendment was agreed to by a bipartisan vote of 289 to 136.

On February 19, 2011, the House of Representatives passed H.R. 1 by a vote of 235 to 189. The amendment was not included in the bill at final passage.

On June 3, 2011, Chairman John Kline (R-MN) and Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (R-NC) introduced H.R. 2117, the *Protecting Academic Freedom in Higher Education Act*. The bill repealed the state authorization regulation, one piece of the credit hour regulation, and prohibited the secretary of education from defining credit hour for any purpose under the *Higher Education Act of 1965*.

On June 15, 2011, the Committee on Education and the Workforce considered H.R. 2117 in legislative session and reported it favorably, as amended, to the House of Representatives by a bipartisan vote of 27 to 11.

The committee considered and adopted the following amendment to H.R. 2117:

- Subcommittee Chairwoman Virginia Foxx (R-NC) offered an amendment in the nature of a substitute to add a short title to the legislation. The amendment was adopted by voice vote.

The committee further considered the following amendments to H.R. 2117, which were not adopted:

- Rep. Raúl Grijalva (D-AZ) offered an amendment to maintain pieces of the state authorization regulation, including the complaint process. The amendment failed by a vote of 17 to 22.
- Ranking Member George Miller (D-CA) offered an amendment to prohibit implementation until the U.S. Department of Education Inspector General certifies there are equal or greater protections in place related to program integrity under Title IV of the *Higher Education Act of 1965*. The amendment failed by a vote of 17 to 22.

- Rep. Rush Holt (D-NJ) offered an amendment to stipulate the act will be effective only if the maximum Pell Grant award is at least \$5,550 for the 2012-2013 school year. The amendment was ruled out of order.
- Rep. Tim Bishop (D-NY) offered an amendment to strike the repeal of the credit hour regulation that establishes a federal definition of a “credit hour.” The amendment failed by a vote of 11 to 27.
- Rep. Tim Bishop (D-NY) offered an amendment to strike the prohibition on the secretary of education from defining credit hour in the future. The amendment failed by a vote of 16 to 22.

### *Hearings – Second Session*

On July 18, 2012, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., on “Keeping College Within Reach: Exploring State Efforts to Curb Costs.” The purpose of the hearing was to highlight innovative practices at the state level to assist postsecondary institutions in keeping costs affordable and to promote accountability of public funds. Testifying before the subcommittee were Mr. Scott Pattison, Executive Director, National Association of State Budget Officers, Washington, D.C.; Ms. Teresa Lubbers, Commissioner for Higher Education, State of Indiana, Indianapolis, Indiana; Mr. Stan Jones, President, Complete College America, Zionsville, Indiana; and Dr. Joe May, President, Louisiana Community and Technical College System, Baton Rouge, Louisiana.

On September 20, 2012, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., on “Assessing College Data: Helping to Provide Valuable Information to Students, Institutions, and Taxpayers.” The purpose of the hearing was to examine data collected by the federal government from institutions of higher education, including data requirements established during the last reauthorization of the *Higher Education Act*. Testifying before the subcommittee were Dr. Mark Schneider, Vice President, American Institutes for Research, Washington, D.C.; Dr. James Hallmark, Vice Chancellor for Academic Affairs, Texas A&M System, College Station, Texas; Dr. José Cruz, Vice President for Higher Education Policy and Practice, The Education Trust, Washington, D.C.; and Dr. Tracy Fitzsimmons, President, Shenandoah University, Winchester, Virginia.

### *Legislative Action – Second Session*

On February 28, 2012, the House of Representatives passed H.R. 2117 by a bipartisan vote of 303 to 114. The bill was sent to the Senate and referred to the Senate Committee on Health, Education, Labor, and Pensions.

On April 25, 2012, Rep. Judy Biggert (R-IL) introduced H.R. 4628, the *Interest Rate Reduction Act*. The bill reduced the interest rate on subsidized Stafford loans made to undergraduate students from 6.8 percent to 3.4 percent for one year, from July 1, 2012, through

June 30, 2013. To offset the increase in mandatory spending, the bill repealed the Prevention and Public Health Fund authorized under Section 4002 of the *Patient Protection and Affordable Care Act* and rescinded the balance of unobligated monies made available for the fund.

On April 27, 2012, the House of Representatives passed H.R. 4628 by a vote of 215 to 195.

While H.R. 4628 was never considered by the Senate, its provisions were included in the Conference Report for H.R. 4348, the *Moving Ahead for Progress in the 21st Century Act* (MAP-21), sponsored by Rep. John Mica (R-FL). To partially offset the increase in mandatory spending that resulted from the temporary reduction in interest rates on subsidized Stafford loans, the bill permanently restricted the period of eligibility to borrow subsidized Stafford loans to 150 percent of the published length of a student's educational program.

On June 29, 2012, the House of Representatives passed the Conference Report to H.R. 4348 by a bipartisan vote of 373 to 52.

On June 29, 2012, the Senate passed the Conference Report to H.R. 4348 by a bipartisan vote of 74 to 19.

On July 6, 2012, the President of the United States signed H.R. 4348 into law (P.L. 112-141).

## 113<sup>th</sup> Congress

### *Hearings – First Session*

On March 13, 2013, the Committee on Education and the Workforce held a hearing in Washington, D.C., on “Keeping College Within Reach: Examining Opportunities to Strengthen Federal Student Loan Programs.” The purpose of the hearing was to examine ways to strengthen federal student loans, as well as how moving to a market-based or variable interest rate on all federal student loans could benefit both students and taxpayers. Testifying before the committee were Dr. Deborah J. Lucas, Sloan Distinguished Professor of Finance, Massachusetts Institute of Technology, Cambridge, Massachusetts; Mr. Jason Delisle, Director, Federal Education Budget Project, The New America Foundation, Washington, D.C.; Mr. Justin Draeger, President and Chief Executive Officer, National Association of Student Financial Aid Administrators, Washington, D.C.; and Dr. Charmaine Mercer, Vice President of Policy, Alliance for Excellent Education, Washington, D.C.

On April 9, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Monroe, Michigan, entitled “Reviving Our Economy: The Role of Higher Education in Job Growth and Development.” The purpose of the hearing was to highlight work being done by local colleges and universities to respond to local and state economic needs. Testifying before the subcommittee were Mr. Henry Lievens, Commissioner, Monroe County, Monroe, Michigan; Ms. Lynette Dowler, Plant Director, Fossil Generation, DTE Energy, Detroit, Michigan; Ms. Susan Smith, Executive

Director, Economic Development Partnership of Hillsdale County, Jonesville, Michigan; Mr. Dan Fairbanks, United Auto Workers International Representative, UAW-GM Skill Development and Training Department, Detroit, Michigan; Dr. David E. Nixon, President, Monroe County Community College, Monroe, Michigan; Sister Peg Albert, OP, Ph.D., President, Siena Heights University, Adrian, Michigan; Dr. Michelle Shields, Career Coach/Workforce Development Director, Jackson Community College, Jackson, Michigan; and Mr. Douglas A. Levy, Director of Financial Aid, Macomb Community College, Warren, Michigan.

On April 16, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: The Role of Federal Student Aid Programs.” The purpose of the hearing was to examine shifting the focus of federal student aid programs from enhancing access to improving student outcomes. Testifying before the subcommittee were Mr. Terry W. Hartle, Senior Vice President, Division of Government and Public Affairs, American Council on Education, Washington, D.C.; Ms. Moriah Miles, State Chair, Minnesota State University Student Association, Mankato, Minnesota; Ms. Patricia McGuire, President, Trinity Washington University, Washington, D.C.; and Mr. Dan Madzellan, Former Employee (Retired), U.S. Department of Education, University Park, Maryland.

On April 24, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Enhancing Transparency for Students, Families, and Taxpayers.” The purpose of the hearing was to examine ways to improve the information provided by the federal government to inform students and families about their postsecondary education options. Testifying before the subcommittee were Dr. Donald E. Heller, Dean, College of Education, Michigan State University, East Lansing, Michigan; Mr. Alex Garrido, Student, Keiser University, Miami, Florida; Dr. Nicole Farmer Hurd, Founder and Executive Director, National College Advising Corps, Carrboro, North Carolina; and Mr. Travis Reindl, Program Director, Postsecondary Education, National Governors Association Center for Best Practices, Washington, D.C.

On June 13, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Discussing Program Quality through Accreditation.” The purpose of the hearing was to examine the historical role of accreditation, discuss the role of regional and national accreditors in measuring institutional quality, and contemplate areas for reform. Testifying before the subcommittee were Dr. Elizabeth H. Sibolski, President, Middle States Commission on Higher Education, Philadelphia, Pennsylvania; Dr. Michale McComis, Executive Director, Accrediting Commission of Career Schools and Colleges, Arlington, Virginia; Ms. Anne D. Neal, President, American Council of Trustees and Alumni, Washington, D.C.; and Mr. Kevin Carey, Director of the Education Policy Program, The New America Foundation, Washington, D.C.

On July 9, 2013, the Committee on Education and the Workforce held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Improving Higher Education through Innovation.” The purpose of the hearing was to highlight innovation in higher education

occurring at the state and institutional level and in the private sector. Testifying before the committee were Mr. Scott Jenkins, Director of External Relations, Western Governors University, Salt Lake City, Utah; Dr. Pamela J. Tate, President and Chief Executive Officer, Council for Adult and Experiential Learning, Chicago, Illinois; Dr. Joann A. Boughman, Senior Vice Chancellor for Academic Affairs, University System of Maryland, Adelphi, Maryland; and Mr. Burck Smith, Chief Executive Officer and Founder, StraighterLine, Baltimore, Maryland.

On September 11, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Supporting Higher Education Opportunities for America’s Servicemembers and Veterans.” The purpose of the hearing was to examine the efforts of higher education to improve postsecondary education opportunities for servicemembers and veterans. Testifying before the subcommittee were Mrs. Kimrey W. Rhinehardt, Vice President for Federal and Military Affairs, The University of North Carolina, Chapel Hill, North Carolina; Dr. Arthur F. Kirk, Jr., President, Saint Leo University, Saint Leo, Florida; Dr. Russell S. Kitchner, Vice President for Regulatory and Governmental Relations, American Public University System, Charles Town, West Virginia; and Dr. Ken Sauer, Senior Associate Commissioner for Research and Academic Affairs, Indiana Commission for Higher Education, Indianapolis, Indiana.

On September 18, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Improving Access and Affordability through Innovative Partnerships.” The purpose of the hearing was to examine the efforts of higher education institutions to expand access and reduce costs by partnering with local employers, other colleges, or online course providers. Testifying before the subcommittee were Dr. Jeffrey Docking, President, Adrian College, Adrian, Michigan; Ms. Paula R. Singer, President and Chief Executive Officer, Laureate Global Products and Services, Baltimore, Maryland; Dr. Rich Baraniuk, Professor, Rice University, and Founder, Connexions, Houston, Texas; and Dr. Charles Lee Isbell, Jr., Professor and Senior Associate Dean, College of Computing, Georgia Institute of Technology, Atlanta, Georgia.

On November 13, 2013, the Committee on Education and the Workforce held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Simplifying Federal Student Aid.” The purpose of the hearing was to examine the need to streamline, consolidate, and simplify federal student aid programs. Testifying before the committee were Ms. Kristin D. Conklin, Founding Partner, HCM Strategies, LLC, Washington, D.C.; Dr. Sandy Baum, Research Professor of Education Policy, George Washington University Graduate School of Education and Human Development, and Senior Fellow, Urban Institute, Washington, D.C.; Ms. Jennifer Mishory, J.D., Deputy Director, Young Invincibles, Washington, D.C.; and Mr. Jason Delisle, Director, Federal Education Budget Project, New America Foundation, Washington, D.C.

On December 3, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Strengthening Pell Grants for Future Generations.” The purpose of the hearing was to examine Pell Grant program reform proposals to better target

funds to the neediest students and put the program on a fiscally responsible and sustainable path. Testifying before the subcommittee were Mr. Justin Draeger, President and Chief Executive Officer, National Association of Student Financial Aid Administrators, Washington, D.C.; Dr. Jenna Ashley Robinson, Director of Outreach, John W. Pope Center for Higher Education Policy, Raleigh, North Carolina; Mr. Michael Dannenberg, Director of Higher Education and Education Finance Policy, The Education Trust, Washington, D.C.; and Mr. Richard C. Heath, Director of Student Financial Services, Anne Arundel Community College, Arnold, Maryland.

### *Legislative Action – First Session*

On May 9, 2013, Chairman John Kline (R-MN) and Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (R-NC) introduced H.R. 1911, the *Smarter Solutions for Students Act*. The bill moved all federal student loans (except Perkins loans) to a market-based interest rate.

On May 16, 2013, the Committee on Education and the Workforce considered H.R. 1911 in legislative session and reported it favorably, as amended, to the House of Representatives by a bipartisan vote of 24 to 13.

The committee considered and adopted the following amendment to H.R. 1911:

- Subcommittee Chairwoman Virginia Foxx (R-NC) offered an amendment in the nature of a substitute to make a technical change to the bill. The amendment was adopted by voice vote.

The committee further considered the following amendments to H.R. 1911, which were not adopted:

- Rep. Joe Heck (R-NV) offered an amendment to allocate a portion of the savings generated under the bill to Pell Grants. The amendment was withdrawn.
- Rep. Joe Heck (R-NV) offered an amendment to provide the secretary of education with authority to reduce the interest rate on student loans if a borrower makes the first 48 payments on time. The amendment was withdrawn.
- Rep. John Tierney (D-MA) offered an amendment to set the federal student loan interest rates at the same rate the Federal Reserve charges to banks for two years. The amendment failed by a vote of 14 to 23.
- Rep. Joe Courtney (D-CT) offered an amendment to extend the 3.4 percent interest rate on subsidized Stafford loans for two years. The amendment failed by a vote of 15 to 21.

On May 23, 2013, the House of Representatives passed H.R. 1911 by a bipartisan vote of 221 to 198.

On July 24, 2013, the Senate passed a substitute version of H.R. 1911, the *Bipartisan Student Loan Certainty Act*, by a bipartisan vote of 81 to 18. The legislation allowed student loan interest rates to reset once a year by the market, but lock into a fixed rate once the loan is disbursed to the student. Interest rates would be set using the following formulas:

- Undergraduate Stafford loans (subsidized and unsubsidized): 10-year Treasury Note plus 2.05 percent, capped at 8.25 percent.
- Graduate Stafford loans: 10-year Treasury Note plus 3.6 percent, capped at 9.5 percent
- PLUS loans (graduate and parent): 10-year Treasury Note plus 4.6 percent, capped at 10.5 percent.

On July 31, 2013, the House of Representatives agreed to suspend the rules and agree to the Senate amendment to H.R. 1911 by a bipartisan vote of 392 to 31.

On August 9, 2013, the President of the United States signed H.R. 1911 into law (P.L. 113-28).

On May 13, 2013, Rep. Luke Messer (R-IN) introduced H.R. 1949, the *Improving Postsecondary Education Data for Students Act*. The bill directed the secretary of education to convene an Advisory Committee on Improving Postsecondary Education Data to conduct a study on the factors students and families want, need, and already consider when choosing a higher education institution.

On May 16, 2013, the Committee on Education and the Workforce considered H.R. 1949 in legislative session and reported it favorably, as amended, to the House of Representatives by a voice vote. The committee considered and adopted the following amendment to H.R. 1949:

- Rep. Luke Messer (R-IN) offered an amendment in the nature of a substitute to H.R. 1949 to (1) include individuals who represent undergraduate and graduate education; college and career counselors at secondary schools; experts in data policy, collection, and use; and experts in labor markets on the list of individuals required to be represented on the Advisory Committee on Improving Postsecondary Education Data; (2) ensure individuals on the advisory committee represent economic, racial, and geographically diverse populations; (3) require the advisory committee to examine information related to the sources of financial assistance, including federal student loans, as part of the required aspects of the study; (4) require the advisory committee to examine how information regarding student outcomes should be disaggregated for first-generation students; and (5) provide other conforming and technical changes to the bill. The amendment was adopted by voice vote.

On May 23, 2013, the House of Representatives agreed to suspend the rules and pass H.R. 1949 by voice vote. The bill was sent to the Senate and referred to the Senate Committee on Health, Education, Labor, and Pensions.

On July 10, 2013, Chairman John Kline (R-MN), Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (R-NC), and Rep. Alcee Hastings (D-FL) introduced H.R. 2637, the *Supporting Academic Freedom through Regulatory Relief Act*. The bill, which included the text of the *Protecting Academic Freedom in Higher Education Act* (H.R. 2117) and the Kline/Foxx/Hastings amendment to H.R. 1 from the 112<sup>th</sup> Congress, repealed the credit hour, state authorization, and gainful employment regulations and amended the statute to clarify the incentive compensation regulation. Additionally, the bill prohibited the U.S. Department of Education from issuing related regulations until after Congress reauthorizes the *Higher Education Act*.

On July 24, 2013, the Committee on Education and the Workforce considered H.R. 2637 in legislative session and reported it favorably, as amended, to the House of Representatives by a bipartisan vote of 22 to 13.

The committee considered and adopted the following amendment to H.R. 2637:

- Subcommittee Chairwoman Virginia Foxx (R-NC) offered an amendment in the nature of a substitute to change a subsection title in the legislation. The amendment was adopted by voice vote.

The committee further considered the following amendment to H.R. 2637, which was not adopted:

- Rep. Tim Bishop (D-NY) offered an amendment to strike the prohibition on the U.S. Department of Education from issuing regulations related to state authorization, gainful employment, and credit hour. The amendment failed by a vote of 13 to 22.

### *Hearings – Second Session*

On January 28, 2014, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Sharing Best Practices for Serving Low-Income and First Generation Students.” The purpose of the hearing was to highlight best practices at institutions of higher education for serving low-income and first generation students. Testifying before the subcommittee were Dr. James Anderson, Chancellor, Fayetteville State University, Fayetteville, North Carolina; Mrs. Mary Beth Del Balzo, Senior Executive Vice President and Chief Executive Officer, The College of Westchester, White Plains, New York; Mr. Josse Alex Garrido, Graduate Student, University of Texas – Pan American, Edinburg, Texas; and Rev. Dennis H. Holtschneider, President, DePaul University, Chicago, Illinois.

On February 27, 2013, the Committee on Education and the Workforce Subcommittee on Early Childhood, Elementary, and Secondary Education and Subcommittee on Higher Education and Workforce Training held a joint hearing in Washington, D.C., entitled “Exploring Efforts to Strengthen the Teaching Profession.” The purpose of the hearing was to discuss the state of teacher preparation nationwide. Testifying before the subcommittees were Dr. Deborah A. Gist,

Commissioner, Rhode Island Department of Elementary and Secondary Education, Providence, Rhode Island; Dr. Marcy Singer-Gabella, Professor of the Practice of Education, Vanderbilt University, Nashville, Tennessee; Dr. Heather Peske, Associate Commissioner for Educator Quality, Massachusetts Department of Elementary and Secondary Education, Malden, Massachusetts; and Ms. Christina Hall, Co-Founder and Co-Director, Urban Teacher Center, Baltimore, Maryland.

On March 12, 2014, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Examining the Mismanagement of the Student Loan Rehabilitation Process.” The purpose of the hearing was to examine the U.S. Department of Education’s ability to oversee the processing of rehabilitated loans issued under the Direct Loan program. Testifying before the subcommittee were Ms. Melissa Emrey-Arras, Director of Education, Workforce, and Income Security Issues, U.S. Government Accountability Office, Boston, Massachusetts; The Honorable Kathleen Tighe, Inspector General, Department of Education, Washington, D.C.; Mr. James Runcie, Chief Operating Officer, Federal Student Aid, U.S. Department of Education, Washington, D.C.; and Ms. Peg Julius, Executive Director of Enrollment Management, Kirkwood Community College, Cedar Rapids, Iowa.

On March 20, 2014, the Committee on Education and the Workforce held a hearing in Mesa, Arizona, entitled “Reviving our Economy: Supporting a 21<sup>st</sup> Century Workforce.” The purpose of the hearing was to explore the role of local higher education institutions in fostering job creation and growth through innovative partnerships with the business community and new modes of teaching delivery. Testifying before the committee were The Honorable Rick Heumann, Vice Mayor, City of Chandler, Arizona; Ms. Cathleen Barton, Education Manager, Intel Corporate Affairs, Southwestern United States, Intel Corporation, Chandler, Arizona; Mr. Lee D. Lambert, J.D., Chancellor, Pima Community College, Tucson, Arizona; Dr. William Pepicello, President, University of Phoenix, Tempe, Arizona; Dr. Michael Crow, President, Arizona State University, Tempe, Arizona; Dr. Ann Weaver Hart, President, The University of Arizona, Tucson, Arizona; Dr. Ernest A. Lara, President, Estrella Mountain Community College, Avondale, Arizona; and Ms. Christy Farley, Vice President of Government Affairs and Business Partnerships, Northern Arizona University, Phoenix, Arizona.

On April 2, 2014, the Committee on Education and the Workforce held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Meeting the Needs of Contemporary Students.” The purpose of the hearing was to examine how institutions, states, and other entities assist contemporary college students in accessing and completing postsecondary education. Testifying before the committee were Dr. George A. Pruitt, President, Thomas Edison State College, Trenton, New Jersey; Dr. Kevin Gilligan, Chairman and Chief Executive Officer, Capella Education Company, Minneapolis, Minnesota; Mr. David Moldoff, Chief Executive Officer and Founder, AcademyOne, Inc., West Chester, Pennsylvania; Dr. Joann A. Boughman, Senior Vice Chancellor for Academic Affairs, University System of Maryland, Adelphi, Maryland; Mr. Stan Jones, President, Complete College America, Indianapolis, Indiana; and Dr. Brooks A. Keel, President, Georgia Southern University, Statesboro, Georgia.

*Legislative Action – Second Session*

On September 19, 2013, Rep. Matt Salmon (R-AZ), Rep. Susan Brooks (R-IN), and Rep. Jared Polis (D-CO) introduced H.R. 3136, the *Advancing Competency-Based Education Demonstration Project Act of 2013*. The bill directs the secretary of education to select institutions or consortia of institutions for voluntary participation in competency-based education demonstration projects that provide participating entities with the ability to offer competency-based education programs that do not meet certain statutory and regulatory requirements which would otherwise prevent them from participating in federal student aid programs.

On July 10, 2014, the Committee on Education and the Workforce considered H.R. 3136 in legislative session and reported it favorably, as amended, to the House of Representatives by a voice vote. The committee considered and adopted the following amendment to H.R. 3136:

- Rep. Matt Salmon (R-AZ) and Rep. Jared Polis (D-CO) offered an amendment in the nature of a substitute to add certain requirements to the applications to participate in a competency-based education project, allow eligible entities to submit amendments to their previously-approved applications, set requirements for the entities the secretary must choose to participate in the programs, require institutions to provide student information to the director of the Institute of Education Sciences (IES), require the director of IES to annually evaluate each project and provide a report with specified information to the authorizing committees, authorize funds to be available from the amount appropriated for salaries and expenses of the Department of Education, and make conforming and technical changes to the introduced bill. The amendment was adopted by voice vote.

The committee further considered the following amendment to H.R. 2637, which was not adopted:

- Rep. Tierney (D-MA) offered an amendment that would allow students with federal student loans and private student loans issued prior to 2013 to refinance those loans into new federal loans at the interest rate set for the 2013-2014 academic year. The amendment was ruled non-germane. Rep. George Miller (D-CA) appealed the ruling of the chair. Rep. Glenn Thompson (R-PA) offered a motion to table the appeal of the ruling of the chair, which was adopted by a vote of 22 to 16.

On June 26, 2014, Rep. Virginia Foxx (R-NC) and Rep. Luke Messer (R-IN) introduced H.R. 4983, the *Strengthening Transparency in Higher Education Act*. The bill simplifies and streamlines the information made publicly available by the Secretary of Education regarding institutions of higher education.

On July 10, 2014, the Committee on Education and the Workforce considered H.R. 4983 in legislative session and reported it favorably, as amended, to the House of Representatives by a voice vote. The committee considered and adopted the following amendment to H.R. 4983:

- Rep. Virginia Foxx (R-NC) offered an amendment in the nature of a substitute to require additional information on the College Dashboard, require the secretary of education to conduct consumer testing in consultation with appropriate federal departments and agencies, ensure consumer testing addresses whether the College Dashboard provides useful and relevant information to students and families, require the secretary of education to submit to the authorizing committees recommendations based on the results of consumer testing, set new minimum requirements for net price calculators, require funding to come from funds already appropriated to maintain the College Navigator, and make other conforming and technical changes. The amendment was adopted by voice vote.

The committee further considered the following amendment to H.R. 4983, which was not adopted:

- Rep. George Miller (D-CA) offered an amendment that would require the commissioner of education statistics to establish a formula for determining the percentage of student borrowers who have completed their course of study and who are in repayment or in an authorized deferment period at three, five and 10 years after completion of a program of study. The amendment failed by a vote of 13 to 21.

On June 26, 2014, Rep. Brett Guthrie (R-KY) and Rep. Richard Hudson (R-NC) introduced H.R. 4984, the *Empowering Students through Enhanced Financial Counseling Act*. The bill amends the loan counseling requirements under the Higher Education Act and requires counseling for Federal Pell Grant recipients.

On July 10, 2014, the Committee on Education and the Workforce considered H.R. 4984 in legislative session and reported it favorably, as amended, to the House of Representatives by voice vote. The committee considered and adopted the following amendment to H.R. 4984:

- Rep. Brett Guthrie (R-KY) and Rep. Suzanne Bonamici (D-OR) offered an amendment in the nature of a substitute to remove the requirement that annual counseling for Pell Grant recipients be tied to disbursement of the grant, require additional information be disclosed to borrowers during annual counseling and exit counseling sessions, require institutions to provide annual counseling to borrowers receiving Parent PLUS loans, require any funds used to carry out the act to come from funds already appropriated to maintain the Financial Awareness Counseling Tool, and make conforming and technical changes. The amendment was adopted by voice vote.

The committee further considered the following amendment to H.R. 4984, which was not adopted:

- Rep. Susan Davis (D-CA) offered an amendment to modify the rule requiring for-profit colleges to receive at least 10 percent of their revenue from sources other than the Department of Education to remain eligible for federal student aid to include all federal aid, including veterans' educational benefits and some Workforce Investment

Act funds, in the 90 percent portion of the calculation and only private funds in the 10 percent portion of the calculation. The amendment was ruled non-germane. Rep. George Miller (D-CA) appealed the ruling of the chair. Rep. Glenn Thompson (R-PA) offered a motion to table the appeal of the ruling of the chair, which was adopted by a vote of 20 to 13.

## SUMMARY

The *Advancing Competency-Based Education Demonstration Project Act* would direct the secretary of education to select up to 20 eligible entities to voluntarily carry out competency-based education demonstration projects receiving statutory and regulatory waivers in order to identify ways to reduce the time it takes to earn a college degree and reduce college costs.

### *Application*

Eligible entities, including institutions of higher education or consortiums of institutions, wishing to carry out a demonstration project must submit an application to the secretary of education that includes, but is not limited to, descriptions of the competency-based education to be offered; how the demonstration project would be implemented financially and logistically; how student advancement through competencies would differ from standard credit hour approaches; and how the project would develop and evaluate the competencies and assessments administered, including how such competencies and assessments are aligned with workforce needs. Further, the applications would include a description of the students to whom competency-based education would be offered and a description of the proposal for determining and awarding students' financial aid. Finally, the application would include a description of the specific statutory and regulatory requirements for which the applicant is seeking a waiver, as well as the reasons for seeking such waiver.

### *Selection, Waivers Granted, and Notification*

The secretary of education is required to select no more than 20 eligible entities to carry out competency-based education demonstration projects. Eligible entities are permitted to submit multiple applications for multiple projects for which they are seeking approval. In selecting entities, the secretary of education must prioritize projects that show promise in reducing the time required to obtain a degree or in reducing college costs. The secretary of education also must consider the number and quality of applications received and an eligible entity's ability to successfully execute a competency-based project, commitment and ability to effectively finance a project, and commitment to work with the secretary of education to evaluate the project and its impact. The secretary cannot select an eligible entity where more than 50 percent of the students take out loans and the entity has had a cohort default rate of 30 percent or greater in one of the two preceding years. Finally, the secretary of education must ensure the selection of a diverse group of institutions or consortia and cannot limit the courses of study approved for participation in a project.

The legislation would allow the secretary of education to waive the statutory or regulatory requirements listed on the application. These waivers may address certain

requirements in the *Higher Education Act* and Title 34 of the Code of Federal Regulations, and any regulations promulgated under such provisions, that inhibit the operation of competency-based education.

The secretary of education is required to make available to the public, and separately to the authorizing committees of the House of Representatives and the Senate, a list of selected institutions and consortia, the statutory and regulatory requirements being waived, and a description of the courses being offered under the project.

### *Information and Evaluation*

Each institution or consortium that carries out a demonstration project would be required to provide to the director of the Institute of Education Sciences (IES) information including, but not limited to, the average number of credit hours students earned prior to enrollment in the project; the number and percentage of students participating in the competency-based education project who are also enrolled in credit or clock hour courses; the average period of time between admission to the project and the first assessment, as well as other markers of progression. Entities also must provide other indicators of student success, including, but not limited to, course completion rates and success rates on administered assessments. This reported information must be disaggregated by age, race, gender, disability status, and status as a recipient of a Pell grant, provided the disaggregation does not identify individual students.

The legislation would require the director of IES, in consultation with the secretary of education, to evaluate annually each demonstration project to determine the extent to which the eligible entity has met the goals set forth in its application. Evaluations must include the number and types of students participating in competency-based education, the progress of participating students towards degrees and other indicators of success, obstacles related to student financial assistance, and the extent to which remaining statutory and regulatory requirements present difficulties for students or institutions of higher education.

The director of IES would be required to provide annually to the authorizing committees of the House of Representatives and the Senate a report on the evaluations of the demonstration projects, the number and types of students receiving assistance, and the retention and completion rates of participating students. The reports also must include any proposed statutory or regulatory changes designed to support and enhance the expansion of competency-based education, the most effective means of delivering competency-based education, and the appropriate level and distribution methodology of federal assistance. The secretary of education is also tasked with conducting oversight of the demonstration projects on a continuing basis.

## **COMMITTEE VIEWS**

### *Introduction*

Federal, state, and local budgetary challenges, as well as skyrocketing college costs, have encouraged institutions of higher education and students to seek low-cost alternatives to the traditional higher education model. Different modes of teaching delivery, such as competency-

based education, may help students learn and graduate more quickly. These innovations in higher education could benefit both traditional students as well as the growing population of contemporary students.

Traditionally, regulators and institutions of higher education used “credit hours” to measure student progress. This was an understandable metric when technological and physical limitations meant “seat time” was the best proxy for learning. Today, however, many experts question the value of measuring time rather than actual learning gains. Competency-based models of education reverse the traditional learning equation, holding learning constant and allowing time vary. Such programs define a collection of competencies or skills for a given field of study; create assessments; and provide students with course materials, instructional mentors, tutors, and proctored exams aligned with the competencies.

Federal student aid programs have not kept pace with advances in technology or the latest models of education. While some institutions of higher education are pursuing competency-based education programs, current statutory and regulatory requirements could be updated to enhance innovation, allowing for deeper experimentation with competency-based education. Most notably, federal student aid is disbursed based on the traditional “credit hour” calculation, which does not translate to the competency-based education model.

### *Encouraging Institutions to Reduce College Costs*

The cost of attending college has risen dramatically over the past decade. Between the 2003-2004 and 2013-2014 academic years, in-state tuition and fees at public four-year colleges and universities have increased by approximately 51 percent. During the same period, tuition and fees at public two-year institutions and private four-year colleges and universities also have increased by approximately 35 percent and 25 percent, respectively. In the last year alone, the annual cost of attending the average private, non-profit institution rose to more than \$30,000.<sup>1</sup>

The federal government now disburses over \$130 billion in federal student financial assistance each year, which should incentivize the creation of federal laws that encourage innovation to realize lower college costs. During a July 9, 2013, hearing entitled “Keeping College Within Reach: Improving Higher Education through Innovation,” the Committee on Education and the Workforce examined what may prevent institutions from providing less costly degrees. Mr. Burck Smith, chief executive officer and founder of StraighterLine, said:

*Despite massive investments in technology, higher education prices are rising and quality is declining. In every other industry, technology investments yield cost savings which translate to lower prices and higher quality — productivity increases. Why not in higher education? My conclusion was, and is, that the problem is an outdated regulatory structure.<sup>2</sup>*

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<sup>1</sup> Trends in College Pricing, The CollegeBoard, 2013, p. 10, available at <http://trends.collegeboard.org/sites/default/files/college-pricing-2013-full-report-140108.pdf>.

<sup>2</sup> <http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=341174>

The current statutory and regulatory system must be updated to ensure colleges can pursue low-cost delivery models.

### *Creating Competency-Based Education Demonstration Projects*

To allow for experimentation across the nation's college campuses and move beyond the antiquated federal student aid disbursement structure, Reps. Matt Salmon (R-AZ), Susan Brooks (R-IN), and Jared Polis (D-CO) introduced H.R. 3136, the *Advancing Competency-Based Education Demonstration Project Act*.

H.R. 3136 would direct the secretary of education of education to support competency-based education demonstration projects to serve as incubators of innovation for institutions pursuing this delivery model. H.R. 3136 would authorize the secretary of education to administer statutory and regulatory waivers allowing participating entities to distribute federal financial aid in ways that do not conform to traditional credit or clock hour disbursement.

Individual institutions of higher education or consortiums of institutions wishing to carry out a demonstration project must submit an application to the secretary of education. The eligible entities' applications must include, but are not limited to, a description of how a demonstration project would be implemented financially and logistically; how the student advancement through competencies would differ from traditional credit hour approaches; and how the project would develop and evaluate the competencies and assessments administered, including how such competencies and assessments are aligned with workforce needs.

Existing competency-based education programs are tailored to help adult learners progress through their course of study quickly and re-enter the workforce equipped with in-demand skills. At the July 9, 2013, hearing, the Committee on Education and the Workforce explored aligning competencies with workforce needs. Mr. Scott Jenkins, director of external relations for Western Governors University (WGU) — a prominent provider of competency-based education — explained the importance of workforce alignment for their students:

*Required competencies for each degree program are defined in collaboration with external program councils that are composed of representatives from industry and higher education. By working with these councils, we ensure that our students graduate with the knowledge and skills employers need.<sup>3</sup>*

Additionally, H.R. 3136 would require the participant's application to include a description of the specific statutory and regulatory requirements for which the institution or consortium is seeking a waiver and the reasoning for seeking each waiver. Even though WGU has provided competency-based education since their launch in 1997, they have not been able to disburse federal student aid to their students based on competencies. Instead, WGU developed a complicated method for converting competencies into credit hour units, which hampers their students' ability to progress at their own pace. At the July 9, 2013, hearing, Mr. Jenkins urged Congress to create an environment where institutions can explore new ways of delivering aid:

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<sup>3</sup> Ibid.

*Specifically, I recommend that Congress support legislation creating a “Demonstration Project” for competency-based education, similar to the 1998 demonstration project for distance learning. This project would allow, on a selected basis, waivers of current financial aid statutes and rules that would allow innovative colleges and universities to explore ways of delivering education, measuring quality, and disbursing financial aid based on learning, rather than time. This project could also help determine the specific statutory and regulatory requirements which should be altered to encourage the development of high quality, competency-based degree programs.<sup>4</sup>*

Capella University, another leader in competency-based education, echoed Mr. Jenkins’s opinion. At an April 2, 2014, Committee on Education and the Workforce hearing entitled “Keeping College Within Reach: Meeting the Needs of Contemporary Students,” Mr. Kevin Gilligan, chairman and chief executive officer of Capella Education Company, said:

*Adhering to a traditional credit hour model as an indirect indication of learning presents a potential barrier to educational access and attainment, as course participation and the constraints of the credit hour requirements are often not tailored to the self-paced learning needs of the adult student... . Decisions about how best to transform federal student financial aid requirements must include safe space for schools to innovate and evaluate what may work best for this non-traditional population. This includes supporting the development of a congressionally sponsored demonstration project mentioned above—[H.R.] 3136, the Advancing Competency-Based Education Demonstration Project Act.<sup>5</sup>*

H.R. 3136 would direct the secretary of education to select up to 20 eligible entities that have the most promising application according to specific criteria. The criteria would prioritize projects that show promise in reducing the time required to obtain a degree or in reducing college costs, the commitment and ability to effectively finance a competency-based education demonstration project, and represent a diverse group of eligible entities with respect to size, mission, and geographic distribution. The committee intends for the secretary of education to include a variety of institutions, including those from both the non-profit and for-profit sector, to ensure diversity. The secretary cannot select an eligible entity where more than 50 percent of the students take out loans and the entity has had a cohort default rate of 30 percent or greater in one of the two preceding years. These selection criteria would ensure the highest integrity in the demonstration projects and promote successful experimentation with ways to more effectively deliver financial aid to students participating in innovative programs.

### *Evaluating Projects to Promote Success and Accountability*

In addition to supporting innovation, it is important to ensure accountability to the taxpayer. H.R. 3136 would require participating institutions and consortiums to deliver key evaluative information to the director of the IES. In exchange for the waiver provided by the secretary of education, institutions and consortiums must report information including, but not limited to, the number of students participating in the competency-based education projects that

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<sup>4</sup> Ibid.

<sup>5</sup> <http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=374799>

are also enrolled in credit or clock hour programs; the average periods of time between the students' initial enrollment to several important markers of progression, including completion of the project; and students' success rates on administered assessments. H.R. 3136 would require the information reported be disaggregated by age, race, gender, disability status, and status as a recipient of a Pell Grant, provided the disaggregation does not identify any individual student participating in the projects.

H.R. 3136 would require the director of IES, in consultation with the secretary of education, to rigorously evaluate each demonstration project annually to ensure participating institutions and consortiums are meeting the goals stated in their application. Additionally, the director of IES would be tasked with determining the extent to which statutory and regulatory requirements not waived by the secretary of education are creating federal roadblocks for institutions pursuing innovative delivery models of higher education.

At a March 20, 2014, field hearing in Mesa, Arizona, entitled "Reviving the Economy: Supporting a 21<sup>st</sup> Century Workforce," the Committee on Education and the Workforce examined the value and policy implications of rigorous evaluations of demonstration projects. Ms. Christy Farley, vice president of government affairs and business partnerships at Northern Arizona University, said, "I think that with adequate accountability measures, [demonstration projects] certainly offer an opportunity for innovation to occur more quickly for us to gather data on that and then to provide demonstration of success."<sup>6</sup>

H.R. 3136 would require the director of IES to deliver an annual report to Congress based on the findings of the thorough evaluations. The reports would help Congress identify additional statutory and regulatory requirements impeding more flexible disbursement of federal student aid, while also providing insight into what techniques and delivery methods are the most effective in competency-based education. Based on this information, Congress would be able to craft policies that allow for scalability of competency-based education that helps learners of all ages attain a less-costly higher education.

### *Conclusion*

The *Advancing Competency-Based Education Demonstration Project Act* would take an important step toward promoting innovation and encouraging lower-cost higher education for millions of Americans. By removing the traditional federal student aid constraints in a controlled test environment, H.R. 3136 would allow institutions to experiment with and policymakers to accurately assess what practices are most effective. This legislation would serve as an important starting point as the Committee on Education and the Workforce continues its structured approach to reauthorizing the *Higher Education Act of 1965*.

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<sup>6</sup> <http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=373197>

## SECTION-BY-SECTION ANALYSIS

### *Section 1. Short Title.*

States the short title is the *Advancing Competency-Based Education Demonstration Project Act of 2014*.

### *Section 2. Competency-Based Education Demonstration Projects.*

Requires eligible entities wishing to voluntarily carry out a demonstration project to submit an application to the secretary of education of education for approval, including specific evaluation criteria.

Authorizes the secretary of education of education to select up to 20 eligible entities from the applicant pool to carry out competency-based education demonstration projects and to waive for such entities requirements that inhibit the operation of competency-based education.

Requires each entity that carries out a demonstration project under this section to provide information with respect to the students participating in the competency-based education project to the director of the IES.

Requires the director of the IES, in consultation with the secretary of education of education, to evaluate annually each demonstration project under this section to assess whether the eligible entity has met the goals set forth in its application; the progress of participating students toward degrees; obstacles related to student financial assistance and program costs; and the extent to which remaining statutory or regulatory requirements present difficulties for students or institutions.

Requires the director of IES to provide annually a report to Congress on the results of the evaluations, information on the types of students participating in the projects, retention and completion rates, and any proposed statutory or regulatory changes designed to support and enhance the expansion of competency-based education.

Requires the secretary of education, on a continuing basis, to oversee compliance of the eligible entities with the requirements of this title, provide technical assistance, and consult with the appropriate accrediting agencies.

Specifies that nothing in this act shall be construed to alter the authority of the secretary of education to establish experimental sites under any other provision of the law.

Authorizes \$1,000,000 to be used from the existing authorization for salaries and expenses of the Department of Education to carry out this act. No additional funds are authorized to be appropriated by this act.

## **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. 3136 directs the secretary of education to select eligible entities to participate in demonstration projects receiving waivers from statutory and regulatory requirements that impede the delivery of competency-based education.

## **UNFUNDED MANDATE STATEMENT**

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) requires a statement of whether the provisions of the reported bill include unfunded mandates. This issue is addressed in the CBO letter.

## **EARMARK STATEMENT**

H.R. 3136 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. **[insert]**

## **STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES**

In accordance with clause (3)(c) of House Rule XIII, the goal of H.R. 3136 is to authorize the secretary of education to select eligible entities to participate in demonstration projects receiving waivers from statutory and regulatory requirements that impede the delivery of competency-based education. The committee expects the U.S. Department of Education to comply with these provisions and implement the law in accordance with the stated goal.

## **DUPLICATION OF FEDERAL PROGRAMS**

No provision of H.R. 3136 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.

## **DISCLOSURE OF DIRECTED RULE MAKINGS**

The committee estimates that enacting H.R. 3136 does not specifically direct the completion of any specific rule makings within the meaning of 5 U.S.C. 551.

## **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.

## **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 received the following estimate for H.R. 3136 from the Director of the Congressional Budget Office: **[insert]**

## 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. 3136. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

## 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 (new matter is printed in italic and existing law in which no change is proposed is shown in roman): **[insert]**

Date: \_\_\_\_\_

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

Roll Call: \_\_\_\_\_ Bill: \_\_\_\_\_ Amendment Number: \_\_\_\_\_

Disposition: \_\_\_\_\_

Sponsor/Amendment:

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mr. KLINE (MN) (Chairman)				Mr. MILLER (CA) (Ranking)			
Mr. PETRI (WI)				Mr. SCOTT (VA)			
Mr. McKEON (CA)				Mr. HINOJOSA (TX)			
Mr. WILSON (SC)				Mrs. McCARTHY (NY)			
Mrs. FOXX (NC)				Mr. TIERNEY (MA)			
Mr. PRICE (GA)				Mr. HOLT (NJ)			
Mr. MARCHANT (TX)				Mrs. DAVIS (CA)			
Mr. HUNTER (CA)				Mr. GRIJALVA (AZ)			
Mr. ROE (TN)				Mr. BISHOP (NY)			
Mr. THOMPSON (PA)				Mr. LOEBSACK (IA)			
Mr. WALBERG (MI)				Mr. COURTNEY (CT)			
Mr. SALMON (AZ)				Ms. FUDGE (OH)			
Mr. GUTHRIE (KY)				Mr. POLIS (CO)			
Mr. DesJARLAIS (TN)				Mr. SABLAN (MP)			
Mr. ROKITA (IN)				Ms. WILSON (FL)			
Mr. BUCSHON (IN)				Ms. BONAMICI (OR)			
Mr. BARLETTA (PA)				Mr. POCAN (WI)			
Mr. HECK (NV )				Mr. TAKANO (CA)			
Mr. KELLY (PA)							
Mrs. BROOKS (IN)							
Mr. HUDSON (NC)							
Mr. MESSER (IN)							
Mr. BYRNE (AL)							

TOTALS: Aye: \_\_\_\_\_ No: \_\_\_\_\_ Not Voting: \_\_\_\_\_

Total: 41 / Quorum: 14 / Report: 21



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

July 15, 2014

**H.R. 3136  
Advancing Competency-Based Education  
Demonstration Project Act of 2014**

*As ordered reported by the House Committee on Education and the Workforce  
on July 10, 2014*

H.R. 3136 would reserve \$1 million from funding for the Department of Education to authorize the Secretary to select up to 20 eligible entities to participate in demonstration projects related to competency-based education. Competency-based education focuses on measuring student achievement through an assessment of a student's knowledge and skills rather than by the completion of clock or credit hours.

CBO estimates that implementing H.R. 3136 would require \$1 million for administrative costs for the department over the 2015-2019 period, assuming the availability of appropriated funds.

Additionally, CBO projects that enacting the bill could affect direct spending for student loans and Pell grants; therefore, pay-as-you-go procedures apply. However, CBO estimates that any direct spending effects would be insignificant for each year and over the 2015-2024 period. Enacting the bill would have no effect on revenues.

H.R. 3136 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Justin Humphrey. This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.

July 15, 2014

Honorable John Kline  
Chairman  
Committee on Education  
and the Workforce  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3136, the Advancing Competency-Based Education Demonstration Project Act of 2014.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Justin Humphrey, who can be reached at 226-2820.

Sincerely,

Douglas W. Elmendorf

Enclosure

cc: Honorable George Miller  
Senior Democratic Member

## 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 (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 IV—STUDENT ASSISTANCE

\* \* \* \* \*

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

\* \* \* \* \*

**SEC. 486B. COMPETENCY-BASED EDUCATION DEMONSTRATION PROJECTS.**

(a) *DEMONSTRATION PROJECTS AUTHORIZED.*—*The Secretary shall select, in accordance with subsection (c), eligible entities to voluntarily carry out competency-based education demonstration projects and receive waivers described in subsection (d) to carry out such projects.*

(b) *APPLICATION.*—

(1) *IN GENERAL.*—*Each eligible entity desiring to carry out a demonstration project under this section shall submit an application to the Secretary, at such time and in such manner as the Secretary may require.*

(2) *AMENDMENTS.*—*An eligible entity may submit to the Secretary amendments to the eligible entity's application under paragraph (1), at such time and in such manner as the Secretary may require, which the Secretary shall approve or deny within 15 days of receipt.*

(3) *CONTENTS.*—*Each application shall include—*

(A) *a description of the competency-based education to be offered by the eligible entity under the demonstration project;*

(B) *a description of the proposed academic delivery, business, and financial models for the demonstration project, including explanations of how competency-based education offered under the demonstration project would—*

(i) *result in the achievement of competencies;*

(ii) *differ from standard credit hour approaches, in whole or in part; and*

(iii) *result in lower costs or shortened time to degree, certificate, or credential completion;*

(C) *a description of how the competency-based education offered under the demonstration project will progress*

a student toward completion of a degree, certificate, or credential;

(D) a description of how the eligible entity will articulate the transcript from the competency-based education demonstration project to another program within an institution of higher education that is part of the eligible entity or to another institution of higher education;

(E) a description of the statutory and regulatory requirements described in subsection (d) for which the eligible entity is seeking a waiver, and why such waiver is necessary to carry out the demonstration project;

(F) a description of how the eligible entity will develop and evaluate the competencies and assessments of student knowledge (which may include prior-learning assessments) administered as part of the demonstration project, including how such competencies and assessments are aligned with workforce needs;

(G) a description of the proposal for determining a student's Federal student aid eligibility under this title for participating in the demonstration project, the award and distribution of such aid, and safeguards to ensure that students are making satisfactory progress that warrants disbursement of such aid;

(H) a description of the students to whom competency-based education will be offered, including an assurance that the demonstration project will enroll a minimum of 50 and a maximum of 3,000 students;

(I) an assurance that students participating in the demonstration project will not be eligible for more Federal assistance under this title than such students would have been eligible for under a traditional program; and

(J) an assurance the eligible entity will identify and disseminate best practices with respect to the demonstration project to other eligible entities carrying out a demonstration project under this section.

(c) **SELECTION.**—

(1) **IN GENERAL.**—Not later than 6 months after the date of enactment of this section, the Secretary shall select not more than 20 eligible entities to carry out a competency-based education demonstration project under this section.

(2) **CONSIDERATIONS.**—In selecting eligible entities under paragraph (1), the Secretary shall—

(A) prioritize projects which show promise in reducing the time or cost required to complete a degree, certificate, or credential;

(B) consider the number and quality of applications received;

(C) consider an eligible entity's—

(i) ability to successfully execute the demonstration project as described in the eligible entity's application under subsection (b);

(ii) commitment and ability to effectively finance the demonstration project;

(iii) ability to provide administrative capability and the expertise to evaluate student progress based on measures other than credit hours or clock hours; and

(iv) commitment to work with the Secretary to evaluate the demonstration project and the impact of the demonstration project;

(D) ensure the selection of a diverse group of eligible entities with respect to size, mission, and geographic distribution of the eligible entities;

(E) not limit the types of programs of study or courses of study approved for participation in a demonstration project; and

(F) not select an eligible entity that has had, for 1 of the preceding 2 fiscal years—

(i) a cohort default rate (defined in section 435(m)) that is 30 percent or greater; and

(ii) a borrowing rate of loans under this title of more than 50 percent of the students enrolled at institutions of higher education of the eligible entity.

(d) **WAIVERS.**—The Secretary may waive for any eligible entity selected to carry out a demonstration project under this section any requirements of the following provisions of law (including any regulations promulgated under such provisions) or regulations and for which the eligible entity has provided a reason for waiving under subsection (b)(3)(E):

(1) Subparagraphs (A) and (B) of section 102(a)(3).

(2) Subsections (a) and (b) of section 481, as such subsections relate to requirements for a minimum number of weeks of instruction.

(3) Section 484(l)(1).

(4) Section 668.32(a)(1)(iii) of title 34, Code of Federal Regulations.

(5) Any of the requirements under provisions in title I, part F of this title, or this part, that inhibit the operation of competency-based education, including requirements with respect to—

(A) documenting attendance;

(B) weekly academic activity;

(C) minimum weeks of instructional time;

(D) requirements for credit hour or clock hour equivalencies;

(E) requirements for substantive interaction with faculty; and

(F) definitions of the terms “academic year”, “full-time student”, “term” (including “standard term”, “non-term”, and “non-standard term”), “satisfactory academic progress”, “educational activity”, “project of study”, and “payment period”.

(e) **NOTIFICATION.**—Not later than 6 months after the date of enactment of this section, the Secretary shall make available to the authorizing committees and the public a list of eligible entities selected to carry out a demonstration project under this section, which shall include for each such eligible entity—

(1) the specific statutory and regulatory requirements being waived under subsection (d); and

(2) a description of the competency-based education programs of study or courses of study to be offered under the project.

(f) INFORMATION AND EVALUATION.—

(1) INFORMATION.—

(A) IN GENERAL.—Each eligible entity that carries out a demonstration project under this section shall provide to the Director of the Institution of Education Sciences with respect to the students participating in the competency-based education project carried out by the eligible entity the following information:

(i) The average number of credit hours the students earned prior to enrollment in the demonstration project, if applicable.

(ii) The number and percentage of students participating in the demonstration project that are also enrolled in programs of study or courses of study offered in credit hours or clock hours, disaggregated by student status as a first-year, second-year, third-year, fourth-year, or other student.

(iii) The average period of time between the enrollment of a student in the demonstration project and the first assessment of student knowledge of such student.

(iv) The average time to 25 percent, 50 percent, 75 percent, and 100 percent of the completion of a degree, certificate, or credential by a student who participated in the demonstration project.

(v) The percentage of assessments of student knowledge that students passed on the first attempt, during the period of the participation in the demonstration project by the students.

(vi) The percentage of assessments of student knowledge that students passed on the second attempt and the average period of time between the first and second attempts by students, during the period of the participation in the demonstration project by the students.

(vii) The average number of competencies a student acquired while participating in the demonstration project and the period of time during which the student acquired such competencies.

(viii) Such other information as the Director may reasonably require.

(B) DISAGGREGATION.—Each eligible entity shall provide the information required under subparagraph (A) disaggregated by age, race, gender, disability status, and status as a recipient of a Federal Pell Grant, provided that the disaggregation of the information does not identify any individual student participating in the demonstration project.

(2) *EVALUATION.*—*The Director of the Institute of Education Sciences, in consultation with the Secretary, shall annually evaluate each demonstration project under this section. Each evaluation shall include—*

(A) *the extent to which the eligible entity has met the goals set forth in its application to the Secretary;*

(B) *the number and types of students participating in the competency-based education offered under the project, including the progress of participating students toward completion of a degree, certificate, or credential, and the extent to which participation and retention in such project increased;*

(C) *whether the project led to reduced cost or time to completion of a degree, certificate, or credential, and the amount of cost or time reduced for such completion;*

(D) *obstacles related to student financial assistance for competency-based education;*

(E) *the extent to which statutory or regulatory requirements not waived under subsection (d) present difficulties for students or institutions of higher education;*

(F) *degree, certificate, or credential completion rates;*

(G) *retention rates;*

(H) *total cost and net cost to the student of the competency-based education offered under the project;*

(I) *a description of the assessments of student knowledge and the corresponding competencies; and*

(J) *outcomes of the assessments of student knowledge.*

(3) *ANNUAL REPORT.*—*The Director of the Institute of Education Sciences shall annually provide to the authorizing committees a report on—*

(A) *the evaluations of the demonstration projects required under paragraph (2);*

(B) *the number and types of students receiving assistance under this title for competency-based education under such projects;*

(C) *the retention and completion rates of students participating in such projects;*

(D) *any proposed statutory or regulatory changes designed to support and enhance the expansion of competency-based education, which may be independent of or combined with traditional credit hour or clock hour projects;*

(E) *the most effective means of delivering competency-based education through demonstration projects; and*

(F) *the appropriate level and distribution methodology of Federal assistance under this title for students enrolled in competency-based education.*

(g) *OVERSIGHT.*—*In carrying out this section, the Secretary shall, on a continuing basis—*

(1) *assure compliance of eligible entities with the requirements of this title (other than the provisions of law and regulations that are waived under subsection (d));*

(2) *provide technical assistance;*

(3) monitor fluctuations in the student population enrolled in the eligible entities carrying out the demonstration projects under this section; and

(4) consult with appropriate accrediting agencies or associations and appropriate State regulatory authorities for additional ways of improving the delivery of competency-based education.

(h) DEFINITIONS.—For the purpose of this section:

(1) COMPETENCY-BASED EDUCATION.—The term “competency-based education” means an educational process or program that measures knowledge, skills, and experience through assessments of such knowledge, skills, or experience in place of or in addition to the use of credit hours or clock hours.

(2) ELIGIBLE ENTITY.—The term “eligible entity” means—

(A) an institution of higher education;

(B) a system of institutions of higher education; or

(C) a consortium of institutions of higher education.

(3) INSTITUTION OF HIGHER EDUCATION.—The term “institution of higher education” has the meaning given the term in section 102, except that such term does not include institutions described in section 102(a)(1)(C).

\* \* \* \* \*

## MINORITY VIEWS

**H.R. 3136, “*Advancing Competency-Based Education Demonstration Project Act of 2013*”**

**113<sup>th</sup> Congress, 2<sup>nd</sup> Session**

**July 17, 2014**

We support and concur with the Majority views on H.R. 3136. However, student loan debt and skyrocketing college costs are one of the nation’s top domestic concerns and the bill fails to address the needs of students and families already facing a mountain of student debt. Democrats believe college cost and affordability should be at the top of the Higher Education Act reauthorization agenda. That is why Democrats offered an amendment, which was rejected by the Majority, to allow millions of borrowers to refinance their private and federal student loans to today’s current low rates.

Today, some 40 million borrowers are working to repay \$1.2 trillion in student loans. The average student loan debt for a borrower graduating today is nearly \$30,000, and graduates are struggling to pay this back: one third of all student loan dollars issued through the Federal Direct program are currently in default, forbearance, or deferment.

Making repayment even more difficult, some college graduates are stuck with interest rates at 8 percent, 12 percent, or even higher. Congress should take advantage of low cost of capital and offer these Americans the same historically low interest rates that home and auto loan borrowers can already access today.

The amendment, offered by Congressman Tierney, would save American families over \$50 billion, which they can then reinvest in their local economy. A typical participating borrower would save \$2,000 over the life of his or her loan.

The student debt crisis isn’t just a borrower’s problem, it is also affecting our nation’s economy. The Federal Reserve has reported crushing student loan debt may be undermining the ability of families to buy their first home, purchase their first car, or otherwise invest in our economy.

Democrats will continue to work to make college more affordable and accessible, increase oversight and quality assurance of colleges and loan servicers, and to promote new and innovative practices that can reduce student loan debt.

*George Miller*

**GEORGE MILLER**  
Senior Democratic Member

*Frederica S. Wilson*

FREDERICA S. WILSON

*Jared Polis*

JARED POLIS

*Joe Courtney*

JOE COURTNEY

*Bobby Scott*

ROBERT C. "BOBBY" SCOTT

*Gilberto*

GREGORIO KILILI SABLAN

*Mark Takano*

MARK TAKANO

*Susan A. Davis*

SUSAN A. DAVIS

*Timothy H. Bishop*

TIMOTHY H. BISHOP

*Ruben Hinojosa*

RUBEN HINOJOSA

*Rush Holt*

RUSH HOLT

*David Loeb sack*

DAVID LOEBSACK

*Raul M. Grijalva*

RAUL M. GRIJALVA

*Marcia L. Fudge*

MARCIA L. FUDGE

*Mark Pocan*

MARK POCAN

*Carolyn McCarthy*

CAROLYN MCCARTHY

*Suzanne Bonamici*

SUZANNE BONAMICI

*John F. Tierney*

JOHN F. TIERNEY

## Union Calendar No.

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3136

[Report No. 113-]

To establish a demonstration program for competency-based education.

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### IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 19, 2013

Mr. SALMON (for himself, Mr. POLIS, Mrs. BROOKS of Indiana, and Mr. ANDREWS) introduced the following bill; which was referred to the Committee on Education and the Workforce

JULY --, 2014

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on September 19, 2013]

# **A BILL**

To establish a demonstration program for competency-based  
education.

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 “Advancing Competency-*  
5 *Based Education Demonstration Project Act of 2014”.*

6 **SEC. 2. COMPETENCY-BASED EDUCATION DEMONSTRATION**  
7 **PROJECTS.**

8 *(a) PROJECTS.—Part G of title IV of the Higher Edu-*  
9 *cation Act of 1965 (20 U.S.C. 1088 et seq.) is amended by*  
10 *inserting after section 486A the following:*

11 **“SEC. 486B. COMPETENCY-BASED EDUCATION DEMONSTRA-**  
12 **TION PROJECTS.**

13 *“(a) DEMONSTRATION PROJECTS AUTHORIZED.—The*  
14 *Secretary shall select, in accordance with subsection (c), eli-*  
15 *gible entities to voluntarily carry out competency-based*  
16 *education demonstration projects and receive waivers de-*  
17 *scribed in subsection (d) to carry out such projects.*

18 *“(b) APPLICATION.—*

19 *“(1) IN GENERAL.—Each eligible entity desiring*  
20 *to carry out a demonstration project under this sec-*  
21 *tion shall submit an application to the Secretary, at*  
22 *such time and in such manner as the Secretary may*  
23 *require.*

24 *“(2) AMENDMENTS.—An eligible entity may sub-*  
25 *mit to the Secretary amendments to the eligible enti-*

1 *ty's application under paragraph (1), at such time*  
2 *and in such manner as the Secretary may require,*  
3 *which the Secretary shall approve or deny within 15*  
4 *days of receipt.*

5 *“(3) CONTENTS.—Each application shall in-*  
6 *clude—*

7 *“(A) a description of the competency-based*  
8 *education to be offered by the eligible entity*  
9 *under the demonstration project;*

10 *“(B) a description of the proposed academic*  
11 *delivery, business, and financial models for the*  
12 *demonstration project, including explanations of*  
13 *how competency-based education offered under*  
14 *the demonstration project would—*

15 *“(i) result in the achievement of com-*  
16 *petencies;*

17 *“(ii) differ from standard credit hour*  
18 *approaches, in whole or in part; and*

19 *“(iii) result in lower costs or shortened*  
20 *time to degree, certificate, or credential*  
21 *completion;*

22 *“(C) a description of how the competency-*  
23 *based education offered under the demonstration*  
24 *project will progress a student toward completion*  
25 *of a degree, certificate, or credential;*

1           “(D) a description of how the eligible entity  
2 will articulate the transcript from the com-  
3 petency-based education demonstration project to  
4 another program within an institution of higher  
5 education that is part of the eligible entity or to  
6 another institution of higher education;

7           “(E) a description of the statutory and reg-  
8 ulatory requirements described in subsection (d)  
9 for which the eligible entity is seeking a waiver,  
10 and why such waiver is necessary to carry out  
11 the demonstration project;

12           “(F) a description of how the eligible entity  
13 will develop and evaluate the competencies and  
14 assessments of student knowledge (which may in-  
15 clude prior-learning assessments) administered  
16 as part of the demonstration project, including  
17 how such competencies and assessments are  
18 aligned with workforce needs;

19           “(G) a description of the proposal for deter-  
20 mining a student’s Federal student aid eligi-  
21 bility under this title for participating in the  
22 demonstration project, the award and distribu-  
23 tion of such aid, and safeguards to ensure that  
24 students are making satisfactory progress that  
25 warrants disbursement of such aid;

1           “(H) a description of the students to whom  
2           competency-based education will be offered, in-  
3           cluding an assurance that the demonstration  
4           project will enroll a minimum of 50 and a max-  
5           imum of 3,000 students;

6           “(I) an assurance that students partici-  
7           pating in the demonstration project will not be  
8           eligible for more Federal assistance under this  
9           title than such students would have been eligible  
10          for under a traditional program; and

11          “(J) an assurance the eligible entity will  
12          identify and disseminate best practices with re-  
13          spect to the demonstration project to other eligi-  
14          ble entities carrying out a demonstration project  
15          under this section.

16          “(c) *SELECTION.*—

17               “(1) *IN GENERAL.*—Not later than 6 months  
18               after the date of enactment of this section, the Sec-  
19               retary shall select not more than 20 eligible entities  
20               to carry out a competency-based education dem-  
21               onstration project under this section.

22               “(2) *CONSIDERATIONS.*—In selecting eligible en-  
23               tities under paragraph (1), the Secretary shall—

1           “(A) *prioritize projects which show promise*  
2           *in reducing the time or cost required to complete*  
3           *a degree, certificate, or credential;*

4           “(B) *consider the number and quality of*  
5           *applications received;*

6           “(C) *consider an eligible entity’s—*

7                   “(i) *ability to successfully execute the*  
8                   *demonstration project as described in the el-*  
9                   *igible entity’s application under subsection*  
10                  *(b);*

11                   “(ii) *commitment and ability to effec-*  
12                   *tively finance the demonstration project;*

13                   “(iii) *ability to provide administrative*  
14                   *capability and the expertise to evaluate stu-*  
15                   *dent progress based on measures other than*  
16                   *credit hours or clock hours; and*

17                   “(iv) *commitment to work with the*  
18                   *Secretary to evaluate the demonstration*  
19                   *project and the impact of the demonstration*  
20                   *project;*

21           “(D) *ensure the selection of a diverse group*  
22           *of eligible entities with respect to size, mission,*  
23           *and geographic distribution of the eligible enti-*  
24           *ties;*

1           “(E) not limit the types of programs of  
2           study or courses of study approved for participa-  
3           tion in a demonstration project; and

4           “(F) not select an eligible entity that has  
5           had, for 1 of the preceding 2 fiscal years—

6           “(i) a cohort default rate (defined in  
7           section 435(m)) that is 30 percent or great-  
8           er; and

9           “(ii) a borrowing rate of loans under  
10          this title of more than 50 percent of the stu-  
11          dents enrolled at institutions of higher edu-  
12          cation of the eligible entity.

13          “(d) *WAIVERS.*—The Secretary may waive for any eli-  
14          gible entity selected to carry out a demonstration project  
15          under this section any requirements of the following provi-  
16          sions of law (including any regulations promulgated under  
17          such provisions) or regulations and for which the eligible  
18          entity has provided a reason for waiving under subsection  
19          (b)(3)(E):

20                 “(1) Subparagraphs (A) and (B) of section  
21                 102(a)(3).

22                 “(2) Subsections (a) and (b) of section 481, as  
23                 such subsections relate to requirements for a min-  
24                 imum number of weeks of instruction.

25                 “(3) Section 484(l)(1).

1           “(4) Section 668.32(a)(1)(iii) of title 34, Code of  
2           *Federal Regulations.*

3           “(5) Any of the requirements under provisions in  
4           title I, part F of this title, or this part, that inhibit  
5           the operation of competency-based education, includ-  
6           ing requirements with respect to—

7                   “(A) documenting attendance;

8                   “(B) weekly academic activity;

9                   “(C) minimum weeks of instructional time;

10                   “(D) requirements for credit hour or clock  
11           hour equivalencies;

12                   “(E) requirements for substantive inter-  
13           action with faculty; and

14                   “(F) definitions of the terms ‘academic  
15           year’, ‘full-time student’, ‘term’ (including  
16           ‘standard term’, ‘non-term’, and ‘non-standard  
17           term’), ‘satisfactory academic progress’, ‘edu-  
18           cational activity’, ‘project of study’, and ‘pay-  
19           ment period’.

20           “(e) NOTIFICATION.—Not later than 6 months after the  
21           date of enactment of this section, the Secretary shall make  
22           available to the authorizing committees and the public a  
23           list of eligible entities selected to carry out a demonstration  
24           project under this section, which shall include for each such  
25           eligible entity—

1           “(1) *the specific statutory and regulatory re-*  
2           *quirements being waived under subsection (d); and*

3           “(2) *a description of the competency-based edu-*  
4           *cation programs of study or courses of study to be of-*  
5           *fered under the project.*

6           “(f) *INFORMATION AND EVALUATION.—*

7           “(1) *INFORMATION.—*

8           “(A) *IN GENERAL.—Each eligible entity*  
9           *that carries out a demonstration project under*  
10           *this section shall provide to the Director of the*  
11           *Institution of Education Sciences with respect to*  
12           *the students participating in the competency-*  
13           *based education project carried out by the eligi-*  
14           *ble entity the following information:*

15           “(i) *The average number of credit*  
16           *hours the students earned prior to enroll-*  
17           *ment in the demonstration project, if appli-*  
18           *cable.*

19           “(ii) *The number and percentage of*  
20           *students participating in the demonstration*  
21           *project that are also enrolled in programs of*  
22           *study or courses of study offered in credit*  
23           *hours or clock hours, disaggregated by stu-*  
24           *dent status as a first-year, second-year,*  
25           *third-year, fourth-year, or other student.*

1           “(iii) *The average period of time be-*  
2           *tween the enrollment of a student in the*  
3           *demonstration project and the first assess-*  
4           *ment of student knowledge of such student.*

5           “(iv) *The average time to 25 percent,*  
6           *50 percent, 75 percent, and 100 percent of*  
7           *the completion of a degree, certificate, or*  
8           *credential by a student who participated in*  
9           *the demonstration project.*

10          “(v) *The percentage of assessments of*  
11          *student knowledge that students passed on*  
12          *the first attempt, during the period of the*  
13          *participation in the demonstration project*  
14          *by the students.*

15          “(vi) *The percentage of assessments of*  
16          *student knowledge that students passed on*  
17          *the second attempt and the average period*  
18          *of time between the first and second at-*  
19          *tempts by students, during the period of the*  
20          *participation in the demonstration project*  
21          *by the students.*

22          “(vii) *The average number of com-*  
23          *petencies a student acquired while partici-*  
24          *pating in the demonstration project and the*

1                   *period of time during which the student ac-*  
2                   *quired such competencies.*

3                   *“(viii) Such other information as the*  
4                   *Director may reasonably require.*

5                   *“(B) DISAGGREGATION.—Each eligible enti-*  
6                   *ty shall provide the information required under*  
7                   *subparagraph (A) disaggregated by age, race,*  
8                   *gender, disability status, and status as a recipi-*  
9                   *ent of a Federal Pell Grant, provided that the*  
10                  *disaggregation of the information does not iden-*  
11                  *tify any individual student participating in the*  
12                  *demonstration project.*

13                  *“(2) EVALUATION.—The Director of the Institute*  
14                  *of Education Sciences, in consultation with the Sec-*  
15                  *retary, shall annually evaluate each demonstration*  
16                  *project under this section. Each evaluation shall in-*  
17                  *clude—*

18                  *“(A) the extent to which the eligible entity*  
19                  *has met the goals set forth in its application to*  
20                  *the Secretary;*

21                  *“(B) the number and types of students par-*  
22                  *ticipating in the competency-based education of-*  
23                  *fered under the project, including the progress of*  
24                  *participating students toward completion of a*  
25                  *degree, certificate, or credential, and the extent to*

1           *which participation and retention in such*  
2           *project increased;*

3           “(C) *whether the project led to reduced cost*  
4           *or time to completion of a degree, certificate, or*  
5           *credential, and the amount of cost or time re-*  
6           *duced for such completion;*

7           “(D) *obstacles related to student financial*  
8           *assistance for competency-based education;*

9           “(E) *the extent to which statutory or regu-*  
10          *latory requirements not waived under subsection*  
11          *(d) present difficulties for students or institu-*  
12          *tions of higher education;*

13          “(F) *degree, certificate, or credential com-*  
14          *pletion rates;*

15          “(G) *retention rates;*

16          “(H) *total cost and net cost to the student*  
17          *of the competency-based education offered under*  
18          *the project;*

19          “(I) *a description of the assessments of stu-*  
20          *dent knowledge and the corresponding com-*  
21          *petencies; and*

22          “(J) *outcomes of the assessments of student*  
23          *knowledge.*

1           “(3) *ANNUAL REPORT.*—*The Director of the In-*  
2           *stitute of Education Sciences shall annually provide*  
3           *to the authorizing committees a report on—*

4                   “(A) *the evaluations of the demonstration*  
5                   *projects required under paragraph (2);*

6                   “(B) *the number and types of students re-*  
7                   *ceiving assistance under this title for com-*  
8                   *petency-based education under such projects;*

9                   “(C) *the retention and completion rates of*  
10                  *students participating in such projects;*

11                  “(D) *any proposed statutory or regulatory*  
12                  *changes designed to support and enhance the ex-*  
13                  *pansion of competency-based education, which*  
14                  *may be independent of or combined with tradi-*  
15                  *tional credit hour or clock hour projects;*

16                  “(E) *the most effective means of delivering*  
17                  *competency-based education through demonstra-*  
18                  *tion projects; and*

19                  “(F) *the appropriate level and distribution*  
20                  *methodology of Federal assistance under this title*  
21                  *for students enrolled in competency-based edu-*  
22                  *cation.*

23           “(g) *OVERSIGHT.*—*In carrying out this section, the*  
24           *Secretary shall, on a continuing basis—*

1           “(1) assure compliance of eligible entities with  
2           the requirements of this title (other than the provi-  
3           sions of law and regulations that are waived under  
4           subsection (d));

5           “(2) provide technical assistance;

6           “(3) monitor fluctuations in the student popu-  
7           lation enrolled in the eligible entities carrying out the  
8           demonstration projects under this section; and

9           “(4) consult with appropriate accrediting agen-  
10          cies or associations and appropriate State regulatory  
11          authorities for additional ways of improving the de-  
12          livery of competency-based education.

13          “(h) *DEFINITIONS.*—For the purpose of this section:

14                 “(1) *COMPETENCY-BASED EDUCATION.*—The  
15                 term ‘competency-based education’ means an edu-  
16                 cational process or program that measures knowledge,  
17                 skills, and experience through assessments of such  
18                 knowledge, skills, or experience in place of or in addi-  
19                 tion to the use of credit hours or clock hours.

20                 “(2) *ELIGIBLE ENTITY.*—The term ‘eligible enti-  
21                 ty’ means—

22                         “(A) an institution of higher education;

23                         “(B) a system of institutions of higher edu-  
24                         cation; or

1                   “(C) a consortium of institutions of higher  
2                   education.

3                   “(3) *INSTITUTION OF HIGHER EDUCATION.*—The  
4                   term ‘institution of higher education’ has the meaning  
5                   given the term in section 102, except that such term  
6                   does not include institutions described in section  
7                   102(a)(1)(C).”.

8                   (b) *RULE OF CONSTRUCTION.*—Nothing in this Act or  
9                   the amendments made by this Act shall be construed to alter  
10                  the authority of the Secretary of Education to establish ex-  
11                  perimental sites under any other provision of law.

12                  (c) *FUNDING.*—

13                   (1) *USE OF EXISTING FUNDS.*—Of the amount  
14                   authorized to be appropriated for salaries and ex-  
15                   penses of the Department of Education, \$1,000,000  
16                   shall be available to carry out this Act and the  
17                   amendments made by this Act.

18                   (2) *NO ADDITIONAL FUNDS AUTHORIZED.*—No  
19                   funds are authorized to be appropriated by this Act  
20                   to carry out this Act or the amendments made by this  
21                   Act.