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(Original Signature of Member)

116TH CONGRESS
1ST SESSION

H. R. _____

To amend title 38, United States Code, to require that certain educational institutions have letters of credit as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend title 38, United States Code, to require that certain educational institutions have letters of credit as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs, and for other purposes.

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

1 **SECTION 1. REQUIREMENT THAT CERTAIN EDUCATIONAL**
2 **INSTITUTIONS HAVE LETTERS OF CREDIT AS**
3 **A CONDITION OF APPROVAL FOR PURPOSES**
4 **OF THE EDUCATIONAL ASSISTANCE PRO-**
5 **GRAMS OF THE DEPARTMENT OF VETERANS**
6 **AFFAIRS.**

7 (a) IN GENERAL.—Section 3679 of title 38, United
8 States Code, is amended by adding at the end the fol-
9 lowing new subsection:

10 “(f)(1) A State approving agency, or the Secretary
11 when acting in the role of the State approving agency,
12 shall disapprove a course of education provided by a cov-
13 ered educational institution if the educational institution
14 has not provided to the Secretary a letter of credit.

15 “(2) With respect to a covered institution described
16 in paragraph (4)(A)(ii), the Secretary may waive the re-
17 quirement for a letter of credit under paragraph (1) on
18 a case-by-case basis if—

19 “(A) the Secretary determines that such letter
20 is not necessary; and

21 “(B) not later than 15 days after making such
22 determination, the Secretary submits to the Commit-
23 tees on Veterans’ Affairs of the House of Represent-
24 atives and the Senate a justification of such waiver.

1 “(3)(A) The Secretary shall determine whether edu-
2 cational institutions are at risk of closure because of finan-
3 cial instability.

4 “(B) The Secretary shall develop criteria to make the
5 determinations under subparagraph (A). Such criteria
6 shall include, at a minimum, the following:

7 “(i) Loss of accreditation.

8 “(ii) The educational institution being placed on
9 heightened cash monitoring by the Department of
10 Education.

11 “(iii) Excess complaints from students.

12 “(iv) Placement of the educational institution
13 on show-cause status.

14 “(4) In this subsection:

15 “(A) The term ‘covered institution’ means—

16 “(i) an educational institution that the
17 Secretary determines under paragraph (3)(A) is
18 at risk of closure because of financial insta-
19 bility; or

20 “(ii) an educational institution that the
21 Secretary of Education requires to submit a let-
22 ter of credit under title IV of the Higher Edu-
23 cation Act of 1965 (20 U.S.C. 1070 et seq.).

24 “(B) The term ‘letter of credit’ means a letter
25 providing proof that—

1 “(i) a financial institution has provided a
2 financial guarantee to an educational institution
3 that ensures that, if the educational institution
4 closes, not less than 10 percent of the amount
5 that the educational institution received as tui-
6 tion or fees pursuant to chapter 30, 32, 33, 34,
7 or 35 of this title or chapter 1606 or 1607 of
8 title 10 during the fiscal year before the date
9 of such letter will be payable to the Secretary
10 of Veterans Affairs; or

11 “(ii) the educational institution has such
12 amounts in an escrow account for such pur-
13 pose.”.

14 (b) **EFFECTIVE DATE.**—Subsection (f) of section
15 3679 of title 38, United States Code, shall apply to an
16 educational institution beginning on the date that is 180
17 days after the date of the enactment of this Act.