

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 6498  
OFFERED BY MR. TAKANO OF CALIFORNIA**

In section 4, strike “Act” in both places it appears,  
and insert “Act (other than section 5)”.

Add at the end the following:

**1 SEC. 5. GAINFUL EMPLOYMENT AND FINANCIAL VALUE**  
**2 TRANSPARENCY.**

**3 (a) DEFINING GAINFUL EMPLOYMENT PROGRAMS.—**

**4 (1) ADDITIONAL INSTITUTIONS.—**Section  
**5 101(b) of the Higher Education Act of 1965 (20**  
**6 U.S.C. 1001(b)) is amended in paragraph (1), by in-**  
**7 serting “, including that meets the standards for**  
**8 debt-to-earnings and earnings premium in section**  
**9 498C,” after “gainful employment in a recognized**  
**10 occupation”.**

**11 (2) PROPRIETARY INSTITUTION OF HIGHER**  
**12 EDUCATION.—**Section 102(b)(1)(A)(i) of the Higher  
**13 Education Act of 1965 (20 U.S.C. 1002(b)(1)(A)(i))**  
**14 is amended, by inserting “, including that meets the**  
**15 standards for debt-to-earnings and earnings pre-**

1 mium in section 498C” after “gainful employment in  
2 a recognized occupation”.

3 (3) POSTSECONDARY VOCATIONAL INSTITU-  
4 TION.—Section 102(c)(1)(A) of the Higher Edu-  
5 cation Act of 1965 (20 U.S.C. 1002(c)(1)(A)) is  
6 amended, by inserting “, including that meets the  
7 standards for debt-to-earnings and earnings pre-  
8 mium in section 498C” after “gainful employment in  
9 a recognized occupation”.

10 (4) ELIGIBLE PROGRAM.—Section  
11 481(b)(1)(A)(i) of the Higher Education Act of  
12 1965 (20 U.S.C. 1088(b)(1)(A)(i)) is amended, by  
13 inserting “, including that meets the standards for  
14 debt-to-earnings and earnings premium in section  
15 498C” after “gainful employment in a recognized  
16 profession”.

17 (b) DEBT-TO-EARNINGS AND EARNINGS PREMIUM.—  
18 Subpart 3 of part H of title IV of the Higher Education  
19 Act of 1965 (20 U.S.C. 1099c et seq.) is amended by add-  
20 ing at the end the following:

21 **“SEC. 498C. DEBT-TO-EARNINGS AND EARNINGS PREMIUM.**

22 **“(a) DEFINITIONS.—In this section:**

23 **“(1) ANNUAL DEBT-TO-EARNINGS RATE.—The**  
24 **term ‘annual debt-to-earnings rate’ means the rate**  
25 **that is calculated for a cohort of students by taking**

1 the annual loan payment for such cohort, as cal-  
2 culated by the Secretary, divided by the median an-  
3 nual earnings for such cohort.

4 “(2) ANNUAL LOAN PAYMENT.—The term ‘an-  
5 nual loan payment’ means, for a cohort of students,  
6 as defined by the Secretary, who completed an eligi-  
7 ble program, their total annual payment on loans  
8 borrowed to enroll in the institution that offered the  
9 eligible program, measured not less than 2 and not  
10 more than 4 years after their completion.

11 “(3) DISCRETIONARY DEBT-TO-EARNINGS  
12 RATE.—The term ‘discretionary debt-to-earnings  
13 rate’ means the rate that is calculated for a cohort  
14 of students by taking the annual loan payment for  
15 such cohort, as calculated by the Secretary, divided  
16 by the discretionary earnings for such cohort.

17 “(4) DISCRETIONARY EARNINGS.—The term  
18 ‘discretionary earnings’ means, for a cohort of stu-  
19 dents, as defined by the Secretary, who completed  
20 an eligible program, the median annual earnings  
21 minus the amount that is 150 percent of the poverty  
22 level for an individual, as determined by the Depart-  
23 ment of Health and Human Services.

24 “(5) EARNINGS PREMIUM.—The term ‘earnings  
25 premium’ means the amount by which the median

1       annual earnings exceed the median earnings for  
2       working adults with not more than a high school di-  
3       ploma, as determined using data from the Bureau of  
4       the Census—

5               “(A) in the State where the institution  
6               that provides the eligible program is located; or

7               “(B) if fewer than half of the students in  
8               the eligible program are from the State where  
9               the institution that provides the eligible pro-  
10              gram is located, or if the institution is a foreign  
11              institution, nationally.

12             “(6) MEDIAN ANNUAL EARNINGS.—The term  
13             ‘median annual earnings’ means, for a cohort of stu-  
14             dents, as defined by the Secretary, who completed  
15             an eligible program, the midpoint of their annual  
16             earnings measured not less than 2 and not more  
17             than 4 years after their completion.

18             “(b) STANDARDS.—

19             “(1) IN GENERAL.—An eligible program does  
20             not meet the standards for debt-to-earnings or earn-  
21             ings premium if it fails the debt-to-earnings rates or  
22             fails the earnings premium, as described in para-  
23             graph (2), in 2 out of any 3 consecutive years.

24             “(2) FAILING.—An eligible program—

1           “(A) fails the debt-to-earnings rates if it  
2           has—

3                   “(i) a discretionary debt-to-earnings  
4                   rate equal to or greater than 20 percent;  
5                   and

6                   “(ii) an annual debt-to-earnings rate  
7                   equal to or greater than 8 percent; and

8           “(B) fails the earnings premium if it has  
9           an earnings premium of zero or a negative  
10          amount.

11       “(c) PROCESS.—

12           “(1) DATA MATCH.—In order to ensure compli-  
13          ance with paragraph (2), the Commissioner of the  
14          Internal Revenue Service, the Commissioner of the  
15          Social Security Administration, and the head of any  
16          other Federal agency that administers the database  
17          of individual-level earnings data shall, in coordina-  
18          tion with the Secretary, timely ensure secure, annual  
19          data matches of earnings data with Department of  
20          Education data to produce the median annual earn-  
21          ings of each eligible program.

22           “(2) REQUIREMENTS OF THE SECRETARY.—  
23          The Secretary shall—

24                   “(A) on an annual calendar year basis—

25                           “(i) for each eligible program—

1                   “(I) calculate for each award  
2                   year the discretionary debt-to-earnings  
3                   rate, the annual debt-to-earnings rate,  
4                   and the earnings premium for the  
5                   program; and

6                   “(II) publish the discretionary  
7                   debt-to-earnings rate, the annual  
8                   debt-to-earnings rate, and the earn-  
9                   ings premium for the eligible program  
10                  for each award year on a website es-  
11                  tablished and maintained by the Sec-  
12                  retary;

13               “(ii) for each eligible program that is  
14               a program of training to prepare students  
15               for gainful employment in a recognized oc-  
16               cupation or a graduate or professional de-  
17               gree program offered by an institution of  
18               higher education described in section  
19               101(a), issue a notice of determination not  
20               later than 45 days after completing the  
21               data match described in paragraph (1), in-  
22               forming the institution that provides the  
23               program—

24                   “(I) of the final discretionary  
25                   debt-to-earnings rate, the annual

1 debt-to-earnings rate, and the earn-  
2 ings premium for the program, which  
3 may not be appealed by the institution  
4 unless the institution believes that the  
5 Secretary erred in the calculation of  
6 any such measure;

7 “(II) of the final determination  
8 regarding whether the program fails  
9 the debt-to-earnings rates or fails the  
10 earnings premium, as described in  
11 subsection (b)(2);

12 “(III) whether the program does  
13 not meet the standards for debt-to-  
14 earnings or earnings premium as de-  
15 scribed in subsection (b)(1) or could  
16 not meet such standards in the next  
17 year if it fails the debt-to-earnings  
18 rates or fails the earnings premium,  
19 as described in subsection (b)(2), in  
20 such next year; and

21 “(IV) whether the institution is  
22 required to provide warnings to en-  
23 rolled students and prospective stu-  
24 dents of the program’s failure, or risk

1 of failure, to meet the standards, as  
2 determined under subclause (III); and  
3 “(iii) for each eligible program that is  
4 a program of training to prepare students  
5 for gainful employment in a recognized oc-  
6 cupation that does not meet the standards  
7 for debt-to-earnings and earnings premium  
8 as described in subsection (b)(1), enforce  
9 the consequences under subsection (d); and  
10 “(B) develop processes to verify, on an an-  
11 nual calendar year basis—

12 “(i) that each eligible program that is  
13 a program of training to prepare students  
14 for gainful employment in a recognized oc-  
15 cupation or a graduate or professional de-  
16 gree program offered by an institution of  
17 higher education described in section  
18 101(a), provides the warning described in  
19 subparagraph (A)(ii)(IV), if applicable;  
20 and

21 “(ii) that each eligible program that is  
22 a program of training to prepare students  
23 for gainful employment in a recognized oc-  
24 cupation that does not meet the standards  
25 for debt-to-earnings or earnings premium



1 as described in subsection (b)(1), does not  
2 receive funds as described in subsection  
3 (d).

4 “(d) CONSEQUENCES OF NOT MEETING STAND-  
5 ARDS.—

6 “(1) NO DISBURSEMENT OF FUNDS FOR EN-  
7 ROLLMENT IN INELIGIBLE PROGRAMS.—An institu-  
8 tion may not disburse program funds under this title  
9 to students enrolled in a program of training to pre-  
10 pare students for gainful employment in a recog-  
11 nized occupation that does not meet the standards  
12 for debt-to-earnings and earnings premium as de-  
13 scribed in this section.

14 “(2) TIME PERIOD TO REESTABLISH ELIGI-  
15 BILITY.—An institution may not seek to reestablish  
16 the eligibility of a program of training to prepare  
17 students for gainful employment in a recognized oc-  
18 cupation that does not meet the standards for debt-  
19 to-earnings and earnings premium as described in  
20 this section or establish the eligibility of a program  
21 of training to prepare students for gainful employ-  
22 ment in a recognized occupation that is substantially  
23 similar to the program that did not meet such stand-  
24 ards until the date that is 3 years after the date of  
25 the notice of determination issued under subsection

1       (c)(2)(A)(ii) that the program of training to prepare  
2       students for gainful employment in a recognized oc-  
3       cupation does not meet the standards.

4       “(e) REGULATIONS.—The Secretary shall issue regu-  
5       lations to carry out this section not later than 1 year after  
6       the date of enactment of the Student Financial Clarity  
7       Act of 2025, except that such regulations shall not be sub-  
8       ject to the requirements of sections 482 or 492.”.

