The Higher Education Act (HEA) defines three different types of institutions: institutions of higher education, proprietary institutions of higher education, and postsecondary vocational institutions. An institution of higher education or a postsecondary vocational institution can be either private or public but must be nonprofit. A proprietary institution is always a private, for-profit institution. The HEA further defines a proprietary institution as a school that:

1A. Provides an eligible program of training to prepare students for gainful employment in a recognized occupation; or
1B. Provides a program leading to a baccalaureate degree in liberal arts and has provided such a program since January 1, 2009, and is accredited by a recognized regional accrediting agency or association, and has continuously held such accreditation since October 1, 2007, or earlier; and
2. Admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent, or those who meet the home-schooling requirements;
3. Has been in existence for at least two years.

This definition places additional requirements on for-profit (or proprietary) schools to be eligible to participate in the federal student aid program. The category also includes institutions that admit students who are beyond the age of compulsory school attendance or who will be dually or concurrently enrolled in the institution and a secondary school.

**Footnotes**

242 [242] 20 U.S.C. §§ 1001 (general definition of institution of higher education), 1002 (definition for purposes of student assistance programs); 34 C.F.R. §§ 600.4 (public or private nonprofit institutions), 600.5 (proprietary institutions).


**Source:** National Consumer Law Center, Student Loan Law [6th ed.], updated at www.nclc.org/library

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