

October 9, 2019

The Honorable Lamar Alexander
Chairman
455 Dirksen Office Building,
Washington, DC 20510

Submitted by electronic mail

Re: The Student Aid Improvement Act

Dear Chairman Alexander:

As 42 organizations representing and advocating for students, families, taxpayers, veterans and service members, faculty and staff, civil rights and consumers, we write to express our concerns with your recently introduced bill, S. 2557, the Student Aid Improvement Act. Unfortunately, the bill fails to include any provisions that hold low-quality and sometimes predatory colleges accountable, and better protect students and taxpayers.

Any reauthorization of the Higher Education Act (HEA) must include robust consumer protections. Current law allows for students of color, low-income students, and veteran and active-duty military students to be targeted by, and over-represented in low-quality institutions, too many of which are for-profit colleges. This lack of accountability leads to students who cannot afford to repay the debt they take on, leaves students who took out loans based on misrepresentations and lies by institutions without recourse, and creates perverse incentives to target veterans for enrollment in low-quality programs.

On January 9, 2019, [many of us wrote](#) to you and to other members of the 116th Congress laying out four key provisions that must be included in any reauthorization of HEA. Those are:

- A fair process for students and groups of students to be able to *cancel loans that were entered into on the basis of illegal misrepresentations* by the institution or where the institution breached the contract with the student (borrower defense to repayment);
- The ability to issue regulations that *ensure low-quality, high cost programs improve or lose eligibility to federal financial aid* (the gainful employment rule);
- Closing the loophole that leads to veterans being disproportionately and aggressively targeted by for-profit colleges, and ensuring that for-profit institutions are less dependent on taxpayers (90/10 loophole and restoring the 90/10 rule to 85/15); and
- Maintaining a strong prohibition on paying employees based on how many students are enrolled (incentive compensation ban).

Moreover, S. 867, the [PROTECT Students Act](#), cosponsored by 27 members of the Senate, offers additional important provisions that should be considered as part of any HEA reauthorization. Not only are none of these critical protections for students and taxpayers included in the Student Aid Improvement Act, but the bill takes the additional step of making new federal Pell Grant dollars available to short-term, non-credit programs without adequate quality safeguards, including potential programs offered by institutions with a history of deceptive practices.

In the absence of a genuinely comprehensive approach to HEA, including improvements that address well-documented abuses and provide basic fairness to students who were deceived and defrauded by their schools, our organizations will stand together to oppose this legislation.

cc: Senator Patty Murray, Ranking Member

Signed,

Allied Progress
American Federation of Teachers
Americans for Financial Reform
Association of Young Americans (AYA)
Augustus F. Hawkins Foundation
Center for American Progress
Center for Law and Social Policy
Center for Public Interest Law
Center for Responsible Lending
Children's Advocacy Network
Consumer Action
Consumer Advocacy and Protection Society (CAPS)
Consumer Federation of California
Economic Mobility Pathways (EMPath)
Education Reform Now Advocacy
The Education Trust
Generation Progress
Government Accountability Project
Higher Education Loan Coalition
Hildreth Institute
Housing and Economic Rights Advocates
The Institute for College Access & Success (TICAS)
Maryland Consumer Rights Coalition
National Alliance for Partnerships in Equity (NAPE)
National Association for College Admission Counseling
National Association of Consumer Advocates
National Association of Consumer Bankruptcy Attorneys (NACBA)

National Consumers League
National Education Association
New America Higher Education Initiative
New Jersey Citizen Action
PHENOM (Public Higher Education Network of Massachusetts)
Project on Predatory Student Lending
Public Citizen
Public Good Law Center
Public Law Center
Service Employees International Union
Student Debt Crisis
UnidosUS
US Public Interest Research Group (USPIRG)
Veterans for Common Sense
Woodstock Institute