

April 2, 2019

Senator Maggie Hassan
324 Hart Senate Office Building
Washington, DC 20510

Senator Dick Durbin
711 Hart Senate Building
Washington, D.C. 20510

Dear Senators Hassan and Durbin:

As 56 organizations representing and advocating for students, families, taxpayers, veterans and service members, faculty and staff, civil rights and consumers, we write to express our strong support for the PROTECT Students Act. Your legislation would enact important protections for students and taxpayers against predatory colleges that cheat students and leave them with large debts they cannot afford.

The PROTECT Students Act includes a far-reaching set of reforms to hold predatory colleges accountable to both students and taxpayers. It addresses some of the most pressing problems with college affordability by creating well-designed, complementary accountability policies that would hold colleges accountable for illegal activity, reduce the number of students in default, and require career programs that routinely leave students with excessive debts, relative to their likely earnings, to improve or lose federal subsidies.

The last few months have demonstrated that there remains an urgent need for stronger accountability measures in higher education. Three large for-profit college chains which together enrolled more than 50,000 students closed precipitously in the past four months: Virginia College and others owned by Education Corporation of America, Vatterott College, and Argosy University. Too many of these students face no clear path to completion while holding thousands of dollars of debt.

Despite these accumulating crises, the Department of Education continues to dismantle protections against predatory colleges. It has left over 139,000 students seeking relief from misleading, deceptive and other illegal conduct by their schools awaiting action that may never come. Similarly, after seeking to rescind the Gainful Employment rule that requires career programs to demonstrate that their students can earn enough to repay the debt they take, the Department has gutted the disclosure requirements for these schools that would provide tested consumer information to students and families.

As we look towards bipartisan efforts to reauthorize the Higher Education Act, we believe that the comprehensive policies laid out in this bill form a backbone of institutional accountability that can help to address unaffordable student debt and better protect the taxpayer's investment.

The PROTECT Students Act boosts consumer protection and accountability in the following critical ways:

Borrower defense: PROTECT codifies and improves the 2016 borrower defense to repayment rule. It creates a clear process and clarifies what students must demonstrate to receive relief from loan payments taken on as a result of fraudulent or otherwise illegal actions by schools. It also makes it easier for groups of students to obtain relief.

Gainful Employment: PROTECT codifies the 2014 Gainful Employment regulation that holds accountable career programs that charge too much and deliver too little. The Administration is currently failing to enforce the rule and has rolled back the consumer disclosures the rule makes available to students and the public. Because it reduces the amount of student aid wasted on low-quality programs, the Gainful Employment rule saves money. Industry observers recognize that the rule has forced college to improve the value they offer students.

Closing the GI Bill loophole and restoring the 90/10 rule to 85/15: PROTECT eliminates the incentive to target and enroll veterans in predatory programs by ensuring that all education benefits are counted as federal revenues. For-profit colleges must receive at least 10 percent of revenues from sources other than federal revenue, but under current law only federal student aid is counted as federal revenue. Because veterans and servicemembers' education benefits are not currently counted as federal revenues, they have become targets for enrollment to help some schools satisfy this requirement. The PROTECT Students Act also restores the cap on the amount of revenue for-profit colleges can receive from federal sources to its historical level of 85 percent.

Strengthening the incentive compensation ban and limiting the use of federal funds for marketing and recruiting of students: PROTECT improves enforcement of the existing ban on paying recruiters and financial aid staff based on how many students they enroll, and broadens the incentive compensation ban to cover other activities. It also prohibits the use of federal student aid dollars for marketing and recruiting.

Creating new rules for colleges that convert from for-profit companies to nonprofits: PROTECT improves the Department of Education's review and oversight of for-profit institutions seeking to convert to non-profit status by clearly defining what is required to demonstrate an institution has met the criteria for conversion and by requiring a period of ongoing compliance with sector-specific regulations.

Other critical protections: The PROTECT Students Act also ensures that individual students, groups of students and state attorneys general can bring suit to enforce certain violations of the HEA. It ensures coordination of for-profit college oversight and enforcement activities between federal agencies, prohibits schools receiving student aid funds from using mandatory pre-dispute arbitration clauses and class action bans, and authorizes both an Enforcement Unit and a complaint tracking system at the Department of Education.

The PROTECT Students Act is a common-sense set of consumer protections and that safeguard students and taxpayers. We look forward to working together to ensure that the policies in the PROTECT Students Act are included in a bipartisan reauthorization bill and enacted into law.

Signed,

AFT, Local 2274
Allied Progress
American Federation of State, County, and Municipal Employees (AFSCME)
American Federation of Teachers
Americans for Financial Reform
Association of Young Americans (AYA)
Center for American Progress
Center for Law and Social Policy (CLASP)
The Center for Public Interest Law
Center for Responsible Lending
The Children's Advocacy Institute
Consumer Action
Consumer Federation of California
Consumer Reports
CWA Local 1081
Demos
Education Reform Now Advocacy
The Education Trust
Empire Justice Center
Essential Information
Generation Progress
Government Accountability Project
Higher Education Loan Coalition
Hildreth Institute
The Institute for College Access & Success
The Leadership Conference on Civil and Human Rights
Maryland Consumer Rights Coalition
NAACP
National Association for College Admission Counseling
National Association of Consumer Advocates
National Association of Consumer Bankruptcy Attorneys (NACBA)
National Consumer Law Center (on behalf of its low-income clients)
National Education Association
National Student Legal Defense Network
New America Higher Education Initiative
New Jersey Citizen Action
New York Legal Assistance Group
New York State Association of College Admission Counseling

New Yorkers for Responsible Lending
NJ NAACP
One Wisconsin Now
PHENOM (Public Higher Education Network of Massachusetts)
Project on Predatory Student Lending
Public Citizen
Public Law Center
Rutgers AAUP-AFT
Southeast Asia Resource Action Center (SEARAC)
Student Action
Student Debt Crisis
U. S. Public Interest Research Group (USPIRG)
UnidosUS
Veterans Education Success
Veterans for Common Sense
Western New York Law Center
Woodstock Institute
Young Invincibles