Protect Students and Taxpayers is a coalition of organizations working on behalf of students, veterans, faculty and staff, civil rights advocates, researchers and others concerned about unaffordable student debts and predatory practices. The coalition strongly supports accountability provisions that offer college students commonsense consumer protections. We oppose the delay, dismantling or weakening of policies that could prevent taxpayer dollars being wasted, and we demand accountability for college programs that overcharge and underdeliver. Through research, advocacy and litigation, we seek to improve transparency, oversight and accountability in higher education and to address the disproportionate impact that predatory practices by colleges have on students of color, low-income students and veterans.

Our coalition opposes deceptive practices by colleges regardless of the sector of higher education in which they occur. However, the evidence is clear that predatory conduct that harms students and taxpayers is concentrated in the for-profit sector. The governance structure of for-profit colleges creates an incentive to maximize profits rather than value for students. In contrast, nonprofit and public institutions have governance structures that are designed to prevent individual enrichment.

For-Profit Colleges Can Pose Risks to Students and Taxpayers

- For-profit colleges repeatedly have been shown to engage in deceptive recruiting and even fraud that targets low-income students, women and students of color. Documented examples of abusive behavior in the for-profit sector include high-pressure sales tactics and other abusive recruiting practices, enrolling students in programs that provided worthless degrees, and taking out loans in students' names without their knowledge. Stories abound of students who have been harmed by these practices.
    - By early 2020, more than 180,000 students had filed claims seeking to have student loans cancelled as a result of having been misled or lied to by their college. The vast majority of claims were from students attending for-profit colleges.
- For-profit colleges disproportionately offer programs that do not lead to earnings sufficient for students to repay their debts.
    - Sixty-one percent of career education programs are offered by public colleges, but 98 percent of the career programs where graduates did not earn enough to repay their student loan debts in 2017 were offered by for-profit colleges.
    - For-profit college programs cost, on average, four times as much as similar programs at community colleges.
    - Student attending for-profit colleges are less likely to complete college. Just 35 percent of students attending a four-year for-profit college completed, compared with 65 percent completing at a public college and 76 percent completing at a nonprofit college.
    - While fewer than 9 percent of students attend for-profit colleges, they account for one-third of all students who default on student loans.
- These practices continue today.
    - A school owned by a former Corinthian Colleges executive was sued in April 2020 for specifically targeting economically vulnerable people of color.
    - A multistate for-profit college was found guilty of fraud as recently as August 2020.

For-Profit Colleges Have a Disproportionate Impact on Students of Color

- While African American and Latino students make up 34 percent of all college students, they make up 51 percent of students at for-profit colleges.
- The graduation rate for African American students seeking a bachelor's degree at for-profit colleges is less than one-third the rate at public or nonprofit colleges.
- Nine out of 10 African Americans and Latinos who graduated from a for-profit undergraduate degree program borrowed, and they borrowed at least $10,000 more, on average, than those attending public colleges.
- African American students attending for-profit colleges are more than twice as likely, and Latino students more than four times as likely, to take out private loans as their peers at other types of colleges.
- Statistical analyses of the gainful employment rule have demonstrated that the program outcomes reflect the low quality and high cost of failing programs, and are not simply a reflection of the students at those programs. Research also shows that when low-quality for-profit colleges lose eligibility for federal student aid students can and do find better options.

Students Who Complete Programs Often Have High Debt and Low Earnings

- Shorter programs at for-profit colleges can demonstrate high completion rates. However, these certificate and diploma programs often leave students with low earnings and high debts.

Our Coalition's Policy Solutions Protect Students and Taxpayers

- ***Borrower Defense to Repayment***: We strongly support rescinding the Trump administration rule that makes it virtually impossible for student loan borrowers who were defrauded to have their loans cancelled, and there is strong bipartisan support for rescinding this rule. We support a borrower defense provision that offers students a clear and straightforward path to complete loan discharges when they have been lied to or misled by their school.
- ***Gainful Employment***: The gainful employment rule rescinded by the Trump administration required that schools provide basic information about program costs, whether students graduate, graduates' employment rates, how much they earn, and how much debt they have. It also required programs that leave students with more debt than they can pay to improve or shut down. We support reinstatement of the gainful employment rule.
- ***The 90-10 Rule***: The 90-10 rule is a long-standing provision that requires for-profit colleges to demonstrate that taxpayer dollars are not their only source of revenue. But right now, GI Bill funds and other military student aid programs that veterans and servicemembers use to attend college are not counted toward the 90 percent limit on taxpayer funds. This results in disproportionate, aggressive and deceptive recruiting of veterans into low-quality colleges. We support closing the 90-10 loophole and restoring the original 85-15 limit (included in the House's 2020 Labor, Health and Human Services, Education, and Related Agencies appropriations bill).
- ***Incentive Compensation Ban***: Since 1992, colleges have been prohibited from paying commissions to recruiters based on how many students they enroll. We support the ban on incentive compensation because it helps to reduce high-pressure sales tactics, but we also support strengthening the ban and better enforcement.
- For more information about our coalition and the key policy solutions we support, please see our letter to the 116th Congress.