

July 19, 2013

The Honorable John Kline, Chairman
The Honorable George Miller, Ranking Member
Committee on Education and the Workforce
United States House of Representatives
Washington, DC 20515

The Honorable Virginia Foxx, Chairwoman
The Honorable Rubén Hinojosa, Ranking Member
Subcommittee on Higher Education and Workforce Training
Committee on Education and the Workforce
United States House of Representatives
Washington, DC 20515

Dear Chairman Kline, Chairwoman Foxx, and Ranking Members Miller and Hinojosa:

Our organizations, which work on behalf of students, consumers, veterans, faculty and staff, civil rights and college access and affordability, write to express strong opposition to the “Academic Freedom through Regulatory Relief Act” (HR 2637). This legislation would do nothing to reduce the cost of higher education, and it would halt collaborative work underway to develop common-sense solutions to protect students and taxpayers from waste, fraud and abuse in higher education. The bill would reward institutions that deceive prospective students and provide low-quality, overpriced educational services, when we should instead be rewarding schools that successfully train students for productive careers. It moves us in the wrong direction by weakening, rather than strengthening, educational opportunity for individuals and economic competitiveness for our country.

For example, the legislation would create loopholes in the statutory ban on incentive compensation that was enacted more than 20 years ago with broad bipartisan support. Through the negotiated rulemaking process, the Education Department recently closed 12 regulatory loopholes that had led to recruitment and enrollment tactics employing lies, deception, “pain,” and “fear” to pressure students to enroll. HR 2637 would create three statutory loopholes similar to three of the regulatory ones that were just closed. The last thing Congress should be doing is putting students and taxpayers at greater risk of harm from high-pressure tactics and fraud.

HR 2637 would also require Washington to turn a blind eye to how billions of dollars in taxpayer-funded student aid are being abused, by repealing current regulations and blocking any new regulations enforcing the statutory requirement that career education programs receiving federal student aid prepare students for gainful employment in a recognized occupation. At a time when some for-profit colleges are receiving close to 90% or more of their funds from federal taxpayers and are being investigated by more than [32 state attorneys general](#), the [Securities and Exchange Commission](#), and the [Consumer Financial Protection Bureau](#), Congress should not be tying the Education Department’s hands and creating new loopholes. HR 2637

even repeals the current requirement that career education programs disclose basic consumer information to prospective students, including tuition and fees, debt levels, and completion and job placement rates.

Moreover, the legislation would halt the negotiated rulemaking process recently initiated by the Department with strong support from more than 40 organizations representing students, veterans, civil rights, and college access, and from a growing network of students who were abused by predatory colleges. Twenty-four members of the House of Representatives, including 17 tri-caucus members, are on record in strong support of the Department's promptly proceeding with new rulemaking on gainful employment. The rulemaking is aimed at developing regulations based on a common-sense principle: taxpayer-funded federal financial aid should not go to wasteful career education programs that consistently leave students buried in debt they cannot repay.

The July 2012 federal district court ruling emphatically upheld the Education Department's statutory authority to develop and enforce regulations defining what it means to prepare students for gainful employment in a recognized occupation. Indeed, the court underscored the need to do so, concluding, "The Department has set out to address a serious policy problem, regulating pursuant to a reasonable interpretation of its statutory authority....Concerned about inadequate programs and unscrupulous institutions, the Department has gone looking for rats in ratholes — as the statute empowers it to do."

As modest as the gainful employment rule vacated by the court was, its threat of real sanctions helped prompt several of the biggest for-profit colleges to eliminate some of their worst programs, freeze their tuition costs, and make some reforms, like giving students trial periods before banking their tuition checks. After last year's court ruling, analysts made clear that if the Department doesn't promptly initiate rulemaking, the companies will reverse these and other reforms they implemented in response to the rule. In other words, failure to promptly proceed with regulating gainful employment will not only miss an opportunity to move career education forward, it will also move it backward.

It is worth noting that the gainful employment requirement and regulations apply to *all* career education programs, not just those offered by for-profit colleges. In fact, they apply to more programs at *public* colleges than at for-profit colleges. But very few programs at public and non-profit institutions are expected to face sanctions under the rule for the simple reason that they are serving students far better. It is the for-profit college industry that enrolls about 10% of all students while accounting for [*nearly half of federal student loan defaults*](#). Numerous [*investigations*](#) have revealed widespread waste, fraud and abuse in the industry, including [*deceptive and aggressive recruiting*](#) of students; false or inflated [*job placement rates*](#); and [*dismal completion rates*](#). Some schools have gone so far as to enroll people who are [*homeless*](#), enroll students [*without their consent*](#), and use tactics that invoke "[*pain*](#)" and "[*fear*](#)" to pressure students into enrolling. Because, as noted, many of these schools receive nearly all of their revenues from federal dollars, taxpayers are subsidizing career education programs that prey on low-income students, minority students and veterans and saddle them with debt they can't repay.

With scarce resources and a tight budget, there is no rationale for blocking rules to ensure we are spending each taxpayer dollar wisely or for creating new loopholes for aggressive and misleading recruitment tactics. We need to be cutting wasteful spending, not [subsidizing Wall Street corporations](#) that routinely leave students and families buried in debts they cannot repay—and leave taxpayers holding the bag.

Sincerely,

Air Force Sergeants Association (AFSA)
American Association of University Professors
(AAUP)
American Association of University Women
(AAUW)
American Federation of Teachers
Americans for Financial Reform
Association of the United States Navy (AUSN)
Center for Law and Social Policy
Center for Responsible Lending
Consumer Action
Consumers Union
Crittenton Women’s Union
The Education Trust
Initiative to Protect Student Veterans
The Institute for College Access & Success
The Leadership Conference on Civil and
Human Rights
Iraq and Afghanistan Veterans of America
(IAVA)
League of United Latin American Citizens
Mississippi Center for Justice
National Association for Black Veterans, Inc.
(NABVETS)

National Association for College
Admissions Counseling
National Consumer Law Center (on behalf
of its low-income clients)
National Consumers League
National Education Association
The National Guard Association of the
United States (NGAUS)
NCLR (National Council of La Raza)
New Economy Project (formerly NEDAP)
NYPIRG
Paralyzed Veterans of America
Public Citizen
Rebuild the Dream
Service Employees International Union
United States Student Association
U.S. PIRG
Veterans Education Success
VetJobs
VetsFirst, a program of United Spinal
Association
Vietnam Veterans of America
Young Invincibles