Center for Responsible Lending

September 13, 2018
The Honorable Betsy DeVos
Secretary of Education
U.S. Department of Education
400 Maryland Ave. SW
Washington, DC 20202

RE: Docket ID ED-2018–OPE–0042, Gainful Employment

Dear Secretary Devos:

The Center for Responsible Lending (CRL)[1] files this comment in response to the above referenced U.S. Department of Education's Notice of Proposed Rulemaking[2] (NPRM) which rescinds the 2014 gainful employment (GE) regulations. CRL is deeply troubled by the Department's decision to do away with these important accountability requirements that protect both the welfare of career training students and the taxpayer resources that support them. The Department has a strong role to play in ensuring that career training programs meet the expectations of enrolled students, who are seeking a better financial future. Further, the Department should be a strong steward of taxpayer funds and ensure they go to programs that succeed at their educational goals. This is especially important for students that attend for-profit institutions, who typically borrow heavily from the federal government and are often subject to a variety of well-known predatory behaviors by these colleges.[3] Much is at stake: federal Title IV student debt outstanding for attendance at for-profit schools totaled $243 Billion at YE 2017.[4] Behind these numbers are 12.3 million federal student loan recipients,

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[1] The Center for Responsible Lending is a non-profit, non-partisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices, including student loan debt incurred as a result of fraudulent representations by higher learning institutions. CRL's views on student lending are informed by its affiliation with Self-Help, one of the nation's largest nonprofit community development financial institutions. Self-Help has provided $6 billion in financing to 70,000 homebuyers, small businesses and nonprofits and serves more than 80,000 mostly low-income families through 30 retail credit union branches in North Carolina, California, and Chicago.
[2] 83 Fed. Reg. 40,167 (Aug. 14, 2018).
[3] For-profit colleges have been subject to numerous investigations in the media and at the state and federal level for fraudulent financial aid programs, predatory recruiting practices, and poor student outcomes. See: Robert Shireman, *The For-Profit College Story: Scandal, Regulate, Forget, Repeat*, The Century Foundation (January 24, 2017), *available at* https://tcf.org/content/report/profit-college-story-scandal-regulate-forget-repeat/.
[4] *See Federal Student Loan Portfolio Data*, Federal Student Aid, U.S. Department of Education, *available at* https://studentaid.ed.gov/sa/about/data-center/student/portfolio.

many of whom have debts that continue to grow after leaving college due to low and unstable earnings. Worse, for many, an inability to make progress on unaffordable debt repayment translates to very high levels of default.[5]

Impact on the Most Vulnerable.

These outcomes are particularly concerning given the well-documented targeting by this sector of lower-income, largely non-traditional students because they qualify for substantial Title IV federal grant and loan aid.[6] These practices disproportionately impact communities of color, veterans, and female heads of households, contributing to the very inequalities in our economy that these schools purport to address.[7] For example, a 2014 brief authored by CRL and seven other civil rights organizations, highlights the stark overrepresentation of communities of color in for-profits colleges: African American and Latino students together make up 28 percent of all students enrolled in undergraduate or graduate study, but represent 41 percent of students enrolled at for-profit colleges.[8] The brief also cites federal data showing that African Americans and Latinos at for-profit schools borrow more and are less likely to graduate than their peers at non-profit schools. Further, students default in vastly greater proportions than those that attend non-profit schools, a trend that has devasted communities of color in particular, following them "for the rest of their lives, ruining their credit and making it difficult to build wealth. Defaulted borrowers may also face garnished wages, seized income tax refunds, and diminished Social Security checks".[9]

To this point, a recent study by the Federal Reserve Bank of NY of 4-year colleges showed that for-profit college attendance resulted in substantially smaller wage gains (15% and 18% lower respectively) compared to both public and non-profit private colleges and greatly *increased inequality* amongst the top and bottom rungs of the income ladder for graduates compared to *substantial decreases* in inequality among graduates in the public and non-profit private sectors.[10] The authors went so far as to say that the recent *reduction in enrollment* in for-profit colleges leads them to expect that overall earnings of college graduates *should improve* over the medium to long term.[11] Research results for shorter-term career training programs in the for-profit sector are equally concerning. A comprehensive study of certificate-seeking students across all institutional sectors found that for-profit student experienced a net *decline* of over

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[5] See: https://www.nytimes.com/interactive/2018/08/25/opinion/sunday/student-debt-loan-default-college.html.
[6] *See* Jillian Berman, *Plagued by Scandal, For-profit Colleges Target Single Mothers*, Marketwatch (September 11, 2017), *available at* https://www.marketwatch.com/story/plagued-by-scandal-for-profit-colleges-target-single-mothers-2017-09-07.
[7] *See The State of For-profit Colleges,* Center for Responsible Lending *(*Dec. 2017), *available at* http://www.responsiblelending.org/research-publication/state-profit-colleges*.*
[8] https://www.responsiblelending.org/research-publication/gainful-employment-civil-rights-perspective.
[9] Id.
[10] See: http://libertystreeteconomics.newyorkfed.org/2018/09/educations-role-in-earnings-employment-and-economic-mobility.html.
[11] Id.

$1,000 from their earnings *prior* to enrollment.[12] Further, after carefully controlling for student demographic and socioeconomic background characteristics, the study found that for-profit certificate graduates experienced a substantial wage penalty compared to students in the public and private sector who graduated from the same type of program.

Institutional Accountability.

The Department ignores these and other studies when it states in the NPRM that differences in GE program performance can be explained by student characteristics, program field or program location, and are therefore unfair to institutions that serve large numbers of low-income students that by implication are blameless for poor student performance. These assertions are contradicted by extensive evidence. For instance, in a recent study conducted by CRL on student outcomes in short-term medical programs such as medical assisting and pharmacy technician (thereby controlling for program type), we found that 83% of these programs at for-profit schools scored "Fail" or "Zone" for the GE debt-to-annualized earnings ratio, or "Fail" for the GE debt-to-discretionary earnings ratio. [13] The comparable figures for public school programs was 11%. A separate forthcoming study by TICAS that looked at a variety of programs by both subject and degree level types found that *even within the for-profit sector*, GE performance *varied substantially* despite the fact that the programs were the same, were offered in the same location and enrolled students with similar demographic profiles. TICAS presents ten location/program pairings that show, in each case, one for-profit college leaving their graduates substantially better off than another for-profit college in terms of both debt levels and earnings. For example, they compared criminal justice administration BA degree programs at Strayer University and Virginia College in Birmingham, Alabama and found that Strayer graduates *earned almost twice as much and owed $6,600 (20 percent) less.*[14]

Contrary to Department assertions in the NPRM, the 2014 GE regulations do not represent an assault on a higher education sector based on its tax-status, but rather a recognition of the need for strong accountability rules for a set of institutions that are *highly subsidized* by tax payer dollars. The for-profit college industry is rightfully subjected to such accountability measures: the revenues of this industry are almost entirely based on taxpayer support whether it be through Title IV aid, Department of Defense, or Veterans Affairs student aid monies. A 2017 Brookings study cited estimates that the for-profit sector as a whole gets at least 70% of

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[12] Stephanie R. Cellini and Nicholas Turner, "Gainfully employed? Assessing the Employment and Earnings of For-Profit College Students Using Administrative Data," *Journal of Human Resources* (2018), doi: 1016_8302R1, *available at*: http://jhr.uwpress.org/content/early/2018/01/25/jhr.54.2.1016.8302R1.abstract.
[13] Robin Howarth, Whitney Barkley & Robert Lang, *A Bitter Pill: Gainful Employment and Credentialism in Healthcare Support Fields* (Center for Responsible Lending, 2018), available at https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-bitter-pill-jun2018.pdf
[14] TICAS forthcoming, See: https://ticas.org/sites/default/files/u159/ge_comparisons_factsheet_910.pdf

its revenues from these three sources.[15] When looking at just Title IV aid in the same study, Brookings found that 30% or for-profit colleges received 80% or more of their revenues from this source.

The taxpayer resources involved in GE covered programs are far from trivial. One estimate puts a figure of $7.5 billion in Title IV federal student loans extended to students graduating from flagged substandard programs in the first round of GE data.[16] The fact that the Department would walk away from its stewardship of these taxpayer resources is testament to how false its stated commitment to accountability to taxpayers truly is. If anything, taxpayer resources are at even greater risk in future years, as the spigot of federal student loan aid is once again opened to institutions that take advantage of students and also fail to generate results that justify taxpayer investment.

The Issue of Access.

The current proposed rulemaking reflects a clear prioritization of for-profit industry interests over the well-being of student borrowers and taxpayers.[17] The new rulemaking erroneously asserts that the 2014 GE regulations reduces student "access" to important career training opportunities while also placing an undue burden on the institutions they cover. This is clearly not the case. About 800 programs were identified in the first round of GE metrics as failing both student debt to earnings metrics by wide margins, or about 10% of the universe of programs subject to the regulations. This is not an appreciable reduction of potentially available programs for students, especially when considering that programs must fail to meet these relatively low bars for student outcomes for two out of three consecutive years to lose access to Title IV aid. As others have noted, the 2014 GE regulations do not force programs to close, but only to find alternative funding sources to federal financial aid. Approximately half of all for-profit institutions already operate without the benefit of federal financial aid, many of them offering programs of similar quality.[18]

Further, as Tressie McMillan Collum, Professor at VCU pointed out in a recent interview, "access" isn't just about going to college, but the expectation that the student will ultimately benefit from a broad set of benefits that are indicators of a fulfilling adulthood.[19] These benefits include not only gainful employment in a field of their choosing but also the ability to provide for family and achieve certain financial milestones such as buying a house, saving for

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[15] See: https://www.brookings.edu/blog/brown-center-chalkboard/2017/01/11/how-much-do-for-profit-colleges-rely-on-federal-funds/.

[16] See: https://ticas.org/sites/default/files/pub_files/ticas_stmt_on_gainful_employment_2018.pdf.

[17] This prioritization is evident in other recent Department actions including the dismantling of its team responsible for investigating for-profit college fraud, and the appointment of several former for-profit college executives and consultants to prominent administrative positions.

[18] See: https://scholar.harvard.edu/files/goldin/files/does_federal_student.pdf.

[19] See: https://www.npr.org/2017/03/27/521371034/how-for-profit-colleges-sell-risky-education-to-the-most-vulnerable.

retirement, and pursuing opportunities for additional education if desired. The GE regulations would appear to address only the employment aspect of this broader set of benefits, but the pairing of employment with a requirement of manageable programmatic student debt is what allows room for all the other benefits to occur. It should be noted that the vast majority of the programs flagged by the first round of GE metrics were at for-profit colleges *that had already been subject* to multiple federal and state law enforcement investigations, for misleading and deceptive practices.[20] These include college chains such as Education Management Corp, ITT Tech, and University of Phoenix.[21] The potential sanctioning of programs such as these does not represent reduced access for students in any meaningful way, but the avoidance of unaffordable debt levels for worthless programs with the attendant preservation of taxpayer resources.

A further iteration of the "access" argument of the Department in the NPRM is the straw man of needing to rescind the 2014 rule because it unfairly limits a student's ability to choose more expensive programs, built on the unproven assumption that expense is a reliable indicator of quality, prestige or some other valuable outcome. On the contrary, a recent study tests the commonly held belief that for-profit programs raise their tuition in lock step with increases in available student aid, the so-called "Bennett Hypothesis".[22] In this study, Cellini and Goldin show that for-profit institutions that are eligible for federal financial aid charge 78% more in tuition than tuition at for-profit schools that are not eligible for federal financial aid for similar programs controlling for a number of measures of quality, location and other potentially confounding effects. Other studies have shown that for-profit colleges spend a very high share of their tuition revenues on non-instructional costs such as marketing and administrator salaries compared to public and private non-profit schools.[23] Thus higher tuition typically benefits management and shareholders but represent a dubious return to both students and taxpayers, in which case, "more expensive" just translates to "more remunerative" for everyone but the student. Finally, as stated elsewhere in this comment, lower-cost schools on the public side are producing better outcomes in terms of earnings.

<u>GE Rule Effectiveness.</u>

The existing gainful employment regulations are some of the few accountability measures that has been shown *effective* in encouraging colleges to voluntarily close their weakest programs: those leaving students with unaffordable debts and poor employment outcomes. Troublingly,

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[20] See: https://www.chronicle.com/article/Here-Are-the-Programs-That/238851.
[21] See: https://www.thirdway.org/memo/ge-by-the-numbers-how-students-fared-at-programs-covered-under-the-gainful-employment-rule.
[22] See: See New York Times, February 18, 1987, opinion piece by William J. Bennett, then U.S. Secretary of Education where he said: "increases in financial aid in recent years have enabled colleges and universities blithely to raise their tuitions, confident that Federal loan subsidies would help cushion the increase." http://www.nytimes.com/1987/02/18/opinion/our-greedy-colleges.html.
[23] *See:* https://www.chronicle.com/article/A-Damning-Portrait-of/133253.

efforts to determine this effectiveness have been undertaken only by other stakeholders, *not the Department itself.* In fact, the NPRM reflects *no genuine efforts on the part of the Department to determine the effectiveness* of 2014 Rule in encouraging institutions with substandard programs to improve or eliminate them. Fortunately, New America, in a forthcoming update of a 2017 review of failing GE programs[24] has undertaken this analysis and finds that approximately 65% of the 767 failed programs that hadn't successfully appealed the first-round release of GE data, have subsequently closed.[25] About half of these were shuttered selectively by an institution that continued to operate, with the other half consisting of institutions that closed their doors completely.

It appears that the threat of sanctions and the visibility of failing grades for these programs had their desired effect in winnowing out program offerings with low economic value for students (although a number of such programs remain and bear continued scrutiny). Even representatives of the for-profit college industry have conceded that the regulations have caused colleges to "adjust programming to be more affordable and responsive to job markets".[26] We suggest that the Department is obliged to use their considerable access to institution level data to replicate and expand this analysis and preferably conduct further study in a genuine effort to determine the potential benefits of the 2014 Rule. As New America points out, this effort would be completely consistent with the Department's stated preference for finding "market-based" accountability solutions, as most flagged programs closed well before any actual loss of federal financial aid occurred.

Shortcoming of Evidence within the NPRM.

The NPRM contains a number of unsupported claims and misrepresentations of research in its justification for rescission of the 2014 GE Rule. These are carefully laid out in a legal challenge under the Information Quality Act (IQA) that was recently filed by the National Student Legal Defense Network (NSLDN) regarding the new rulemaking. NSLDN's suit states that the Department has failed to comply with its fundamental obligation to present "accurate, reliable, and unbiased" analysis in its rulemaking .[27] These include lack of evidentiary support for Department statements questioning the validity of the debt-to-earnings metrics, asserting that the rule harms women and minorities by creating barriers to higher educational opportunities, that the rule creates greater institutional burden and expense than was originally anticipated, and that GE outcomes are mostly a function of student socioeconomic background rather than institutional features. In all, the legal challenge to the NPRM identifies 26 violations of the IQA

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[24] *See* Kevin Carey, *DeVos is Discarding College Policies That New Evidence Shows Are Effective*, The New York Times (June 30, 2017), *available at* https://www.nytimes.com/2017/06/30/upshot/new-evidence-shows-devos-is-discarding-college-policies-that-are-effective.html.
[25] Forthcoming New American GE NPRM comment.
[26] See: https://www.nytimes.com/2018/08/10/us/politics/betsy-devos-for-profit-colleges.html.
[27] See: https://docs.wixstatic.com/ugd/60a689_11c1eda53be24184aec13d1c4623ebc8.pdf

and calls for the Department to "rescind the NPRM immediately and, if the Department desires, correct and reissue it with information that complies with the IQA".[28]

One of the most egregious misrepresentations by the Department has been recently in the public eye, when student loan expert Sandy Baum of the Urban Institute stated in a blog post that the Department used her work to undermine the 8% Debt to Annualized Earnings metric as too onerous, when actually, that work supported an even stricter standard.[29] Her post went further to criticize the new rulemaking's attempt to present the appearance of evidence based policy making, when in fact, it appears to be largely an accommodation of for-profit industry concerns.

Another researcher, Nicholas Turner, economist with the Federal Reserve Board, states in his upcoming comment on the NPRM, that his research was inappropriately used in the NPRM to justify the assertion that adult learners should "select the more expensive program due to its convenience". He states in the comment that "When a local market has several high-cost and high-risk colleges and no public options, regulators have an even greater responsibility to protect consumers…. My research would defend keeping GE rules intact to protect consumers, especially those living in education deserts where options are most constrained."[30]

The Department's "Arbitrary and Capricious" Charge

Contrary to the assertion in the NPRM that the 2014 regulations are arbitrary and capricious, the regulations have withstood similar charges, brought by industry, in both the U.S. District Court (2015) and the U.S. District Court of Appeals (2016).[31] The latter affirmed the regulations' fidelity to congressional intent with the Panel stating:

*"It would be strange for Congress to loan out money to train students for jobs that were insufficiently remunerative to permit the students to repay their loans. And it would be a perverse system that, by design, wasted taxpayer money in order to impose crippling, credit-destroying debt on lower-income students and graduates. Had Congress been uninterested in whether the loan-funded training would result in a job that paid enough to satisfy loan debt, it would have created a federal grant system instead of a federal loan system focusing on preparation for gainful employment."*[32]

Federal law explicitly requires that that post-secondary *career training programs* must "prepare students for gainful employment in a recognized occupation" to be eligible for Title IV aid, and

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[28] Id.
[29] See: https://www.urban.org/urban-wire/devos-misrepresents-evidence-seeking-gainful-employment-deregulation
[30] Forthcoming Hillman GE NPRM comment
[31] See: https://www.thirdway.org/memo/how-the-gainful-employment-rule-protects-students-and-taxpayers
[32] See: https://www.chronicle.com/blogs/ticker/federal-court-upholds-gainful-employment-rule-dealing-for-profit-group-another-loss/109294

yet somehow in the NPRM, the Department decries the “targeting” of institutions and programs as arbitrary.[33] In fact the 2014 rulemaking process and final outcome was the antithesis of an arbitrary and capricious process as it included substantial input of all stakeholders in hearings and two negotiated rulemaking series including students, college representatives, legal aid organizations, veterans, state education and law enforcement officials, and consumer advocates. Almost 190,000 public comments were received and considered. The Department itself produced carefully conducted research that ultimately was consistent with the provisions of the final rule, research that it now ignores without basis, in the current NRPM.

Student Disclosures:

The NPRM conflates two issues when it defends the rescission of the 2014 Rule. These are “targeting” of for-profit colleges mentioned previously, and students’ need for better transparency during the college choice process. In earlier statements regarding GE this year, Secretary DeVos said that, “Students deserve useful and relevant data when making important decisions about their education post-high school. That’s why instead of targeting schools simply by their tax status, this administration is working to ensure students have transparent, meaningful information about all colleges and all programs. Our new approach will aid students across all sectors of higher education and improve accountability.”[34]

Information, while certainly potentially helpful to students, is not the equivalent of rules or enforcement actions that protect consumers or hold bad actors accountable. The 2014 GE regulations contain best-practice disclosure requirements for student costs, median debt, and employment outcomes that have never been allowed to fully go into effect. Instead the Department proposes substituting these with a vague intention to update College Scorecard reporting for program-level outcomes. The implication is that expanding these unspecified disclosures to reporting by *all institutions and programs* is adequate protection for students from the predatory behavior of certain for-profit career colleges.

It defies common sense that a student considering a for-profit certificate program, in medical assisting for instance, is better off under the proposed disclosure regime because she can also consider broad outcomes of students getting a 4-year literature degree at a public university. Our focus group research shows that students have largely decided on a specific career path when they look at for-profit programs and do not consider greatly differing programs and degree types. In fact, our mostly adult group of students reported that the for-profit institutions they attended took advantage of students’ lack of time and sometime desperate circumstances, calling and soliciting them with high-pressure tactics to enroll as quickly as possible. Students were not “shopping” for the best college program using reasoned cost-

[33] 20 U.S.C. 1002 (b)(1)(A)(i).
[34] See: https://www.nytimes.com/2018/08/10/us/politics/betsy-devos-for-profit-colleges.html.

benefit analysis, they were pressured on the spot to enroll in for-profit programs. In these cases, rosy scenarios presented by for-profit colleges and the convenience of immediate, frictionless enrollment easily overwhelmed dry disclosures of wage levels and debt service costs.[35]

Research bears out the inadequacy of disclosure-only regulatory regimes in protecting consumers, specifically as it relates to College Scorecard. Hurwitz and Smith find that only *high-resourced* students appeared to respond to the inclusion of institution level student earning data in College Scorecard when considering their college choices. [36] They find that this result is consistent with "both the economics and higher education literature, which consistently reference the misinformation and lack of information that lower-income, underrepresented students carry with them into the college search/selection process".[37] This is hardly promising for the proposals of the new NPRM which limit accountability to inadequately defined and targeted metrics that will do nothing to improve the choices of the economically vulnerable non-traditional students that stood to benefit from the 2014 GE regulations.

<u>What Students Say.</u>

In 2017 CRL conducted nine focus groups of for-profit students who had borrowed to attend and whose participation in the study was unfiltered by the level of their student debt or satisfaction with their for-profit education and its aftermath.[38] Participants in these focus groups confirmed the financial devastation incurred after enrolling in the type of substandard programs that are flagged in the 2014 GE rule. Findings from the focus groups are highlighted below and include statements made by the participants, illustrating the very real impact that abandoning the GE rule will have on future students and their families.

Finding 1: Participants' choice of a for-profit school specifically centered on low-barrier access, ease of enrollment and financial aid application, compelling advertising and outreach on the part of schools, and the perceived stamp of approval from accreditation.

> *They are like high-pressure salesman, they sell you this big story, this dream…. well you know, you will love this field, and this is for you. (Ashley)*

Finding 2: Even for students that completed their programs, it was common to hear that the primary reason why students did not "move up in the world" with their new credential or degree was disappointing employment outcomes. Promises of full-time living wages and the

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[35] See: https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-bitter-pill-jun2018.pdf and for a particularly egregious example of "rosy scenarios" the case of Corinthian Colleges, *available at* http://www.sacbee.com/news/politics-government/capitol-alert/article45236754.html.

[36] See: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2768157.

[37] Id.

[38] See: https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-bitter-pill-jun2018.pdf and https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-florida-debt-disillusionment-l-aug2018.pdf.

expectation of a robust job market met head-on with part-time only work, near minimum wage levels, and inability to compete for the better jobs against a wave of applicants.

> *I started out making $12 an hour as a medical assistant.  The school had told me I'd be making $35 to $40 thousand per year (Rachel)*

> *I was a little naïve.  The school told me entry level was thirty thousand.  Not even close. (Yasmin)*

*Finding 3:* In hindsight, many students realized that representations about debt levels, scholarship availability, typical time to completion, help with certification tests, and the job market were often "rosy scenarios" - overly optimistic or outright deceptive.

> *They made it sound like it (paying for school) wouldn't be a problem…They said it was going to be this much, and we'll get the loans for you. We'll take care of it. You don't have to worry about it, and just made it sound so easy and they just made it sound so tempting that you just couldn't say no. The reality is, of course, I'll be paying on these the rest of my life. (Derrick)*

> *But my last job I was there for about 4 years making $10 an hour. And with that degree (from the for-profit) I was the only one in the office with a degree.* ***What was the job?*** *I was working as an HR client manager, making $10 an hour. The job promised to go -- when I got hired, it was supposed to go full time, and it never went full time in the four years that I was there. And I finally got to the point where I am doing all this work, I have my education as well as experience, but I'm hitting my head on the ceiling and I can't go nowhere. (Ana)*

Finding 4: Repayment progress for our participants was elusive.  The few that had made substantial progress or repaid their debts had experienced windfalls (divorce settlements, inheritances) or loan forgiveness due to disability, school closing, or borrower defense to repayment.  In fact, most students reported that their student debts had grown substantially with the capitalization of unpaid interest, late fees, and other costs added by servicers. Overall, close to 40% of our sample revealed that they were currently or at some period in the past availing themselves of some form of deferment or forbearance on their student loans

> *At the time, I did not understand how the interest would work and how that would accumulate, and I was told (by the school) not to worry about it because I could just put my loans into deferment until I was ready to make those payments…I did not understand that interest continued to accrue while I was in deferment and did that for two years before I found out. So, I'm still off and on in deferment or making payments when I have enough, but they're a lot. I owe a lot more than I did when I took out the loans. (Lucia)*

> ***And did you ever pay any of it down?*** *I still don't.* ***Are you ever going to make any payments?*** *Yeah. They told me last week and they said that -- I mean I'm telling them, I*

*don't mind paying for it, just take it out of my account, because I am still not in school, I don't worry about that. I worry about you guys calling me all the time. So I'd rather for them to take it out of my account like $30 or $80 a month, I don't mind. But I still have to fill out some paperwork and submit it online. And I'm just -- it's tiring. All the paperwork is tiring. I have 2 toddlers and I work 10 hours a day and everything is overwhelming.* ***You want to pay --*** *I do want to pay --* ***but it's the headache of the paperwork that's keeping you…?*** *and the disappointment that I didn't complete my career. That I'm paying something that.. I'm not using it. I am not using it. (Deloris)*

Finding 5: Many student borrowers reported the psychic toll of their heavy debt loads and having fallen behind in payments or being imminently about to do so. These borrowers were highly constrained and everything else, by necessity, took priority – particularly rent, car payments, and other family living expenses. Heavy debt loads and frequent late payments affected credit scores and in turn, access to other forms of credit. The indefinite deferment of dreams of financial security was highly discouraging to our participants.

*I can't even get a credit card because of it. My whole thing, I have no other credit on there except for my student loans. And so, I can't get anything.* ***Have you checked your credit report?*** *Yeah.* ***Do you know what your credit number is?*** *It's 528.* ***And it's all because of your student loans?*** *All because of it -- I have tons. I mean I am over $40,000. (Rhonda)*

Finding 6: When asked to reflect on the whole experience of attending a for-profit college, borrowing and trying to repay student debt, and the ability to "get ahead" and provide for their families through attaining higher education credentials, three general themes arose. These were: 1) student debt, from for-profit colleges particularly, is a form of oppression, 2) the goal posts keep moving in the job market and for-profit credentials didn't provide the hoped-for economic security, and 3) student debt and poor higher educational experiences are an impediment to intergenerational mobility.

*I feel the same way…I could cry about it. Since I was a little girl I always wanted to be like a doctor or something, be in the medical field. And so, it's just (having attended a for-profit college) -- seeing how hard it is now, like financial and all this stuff, it was very frustrating and discouraging. But seeing people go to Valencia (community college) and going to other colleges, and going up and finishing, that's made me think about wanting to go to Valencia too.* ***You said you had a dream about a career in the medical field but now what you have is*** *– reality hit me, punched me in the face, just how hard it is to -- but I guess I just have to find the right program and the right courses to go about it. (Donna)*

*I don't even tell my daughter that she needs to go to college. Because I feel so kind of like used. And I can't believe for the rest of my life I'm going to dedicate to paying everything back. My thing was if you got maybe your associate's, but make sure it's* *something that you love. If you are going to become a doctor then by all means, go throughout all this school. But if you're not, like don't even…. go join the army if you want to.* **(***Rosa)*

*…we look at all the different vices that keep us from developing as a nation. And then you look at the way that the education system is working -- they are trapping so many people into this debt. (Other participant: It's a business.) It messes our credit up, it starts to kill the American dream…(Van)*

<u>Net Budget Impacts of the NPRM.</u>

The net budget impact of $5.3 billion on taxpayers based on the rescission of 2014 GE Rule, while shocking by itself, is likely to be grossly underestimated. It recognizes only the ongoing subsidization of substandard programs with Federal Pell and subsidized loans for students. It does not account for losses on defaulted student loans that would have been avoided under the 2014 regulations with either the improvement or shuttering of poor performing programs that leave students with heavy debt and no means of repayment. It also doesn't account for the likely expansion of the for-profit college sector without any disincentive to continue targeting economically vulnerable students that bring substantial amounts federal student aid to the table. Research shows that students enrolled in for-profit institutions threatened by the loss of federal financial aid, often shift to public colleges where they are much less likely to borrow for similar programs.[39] Unfortunately, students will be far less likely to avail themselves of less expensive, more effective institutions under the current NPRM proposal, at great cost to taxpayers, students, and the economy as a whole.

<u>Conclusion.</u>

We urge you to reverse course and uphold the existing rule and its critical duel provisions of better institutional career training program disclosure *and* financial aid sanctions for institutions with consistent poor student outcomes. The Department's goal should be to prevent the needless financial devastation wrought on the approximately 350,000 students that graduated from the substandard first round GE programs, as illustrated by the compelling student voices included in this comment. Only then can students be assured that the Department has their best interests in mind as they pursue their career dreams. Only then can taxpayers have confidence that the billions of aid dollars spent annually for career training have been deployed with strong, consistent stewardship.

[39]See: https://www.insidehighered.com/news/2017/05/05/study-finds-former-profit-students-go-two-year-colleges.

Thank you for your consideration of these issues.

Sincerely,

*Robin Howarth*

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