July 10, 2019

Mr. Jean-Didier Gaina
U.S. Department of Education
400 Maryland Ave. SW, Mail Stop 294-20
Washington, DC 20202.

Submitted electronically via: http://regulations.gov

RE: Docket ID ED–2018–OPE–0076, Student Assistance General Provisions, the Secretary's Recognition of Accrediting Agencies, the Secretary's Recognition Procedures for State Agencies

Dear Mr. Gaina:

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). Our comment and supporting submission is limited in scope to "Distance Learning and Education Innovation" and what is preserved and changed in the *State Authorization (§600.9) Statute* as addressed by the NPRM. Please note on another important topic, Recognition of Accrediting Agencies, we are deeply concerned by the proposed changes within the NPRM. These concerns are detailed in a joint comment, to be submitted separately, by organizations and advocates working on behalf of students, consumers, veterans, service members, faculty and staff, civil rights, and college access, including CRL.

Regarding State Authorization of Distance Education providers enrolling students across multiple states, we voice here our support for those provisions of the NPRM that *preserve* the State Authorization rules finalized in 2016 and currently in effect. The 2016 rules provide core protections to consumers and protect states' rights to enforce their own laws in two key areas. First, the rules set requirements for reciprocity agreements that would require compacts like NC-SARA to raise their minimum uniform standards and clarify that states must retain their rights to enforce postsecondary-specific laws with respect to out-of-state online programs and schools. Second, the rules establish specific consumer disclosure requirements around state authorization, how a student can make a complaint against a school, and whether the online

[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] Federal Register / Vol. 84, No. 113 / Wednesday, June 12, 2019 / Proposed Rules

program meets certification/licensure requirements where the student resides.[3] These disclosures help students avoid investing time and money, including that of taxpayers through federal financial student aid, completing an online program from a school that is based in one state, when that program fails to meet licensure/certification requirements, for nursing, for example, in the state where the student resides and wishes to work.

CRL recently authored a paper, published by Brookings Center for Regulation and Markets, *The failings of online for-profit colleges: Findings from student borrower focus groups* (attached to our comment submission) that details the risks of loosening State Authorization requirements for online college students, many of whom are already vulnerable to poor outcomes.[4] In the past, these risks have too often translated into taxpayer losses as students took on unaffordable levels of federal student aid to attend poorly regulated distance education providers operating across wide geographies, particularly those in the for-profit sector.

Some of our findings are reproduced[5] here:

- *For-profits colleges enroll an outsized share of students that take only online courses: 22% of online-only undergraduate students and 27% of all online-only graduate students. (For-profit colleges enroll only 5.4% of all undergraduates and 8.9% of all graduates.)*
- *The online-only student enrollments of for-profit colleges are 80% out-of-state for undergraduates and 85% out-of-state for graduates.*
- *Like for-profit enrollment generally, primarily online for-profit institutions focus their marketing and recruiting on African Americans, women, and adult (25 or older) students as reflected in the outsized enrollment shares of these students.*
- *A nascent literature shows that outcomes for online-only for-profit student are particularly poor in terms of completion and earnings after leaving school.*
- *CRL's focus group research shows that students that enroll in for-profit online programs are attracted by easy enrollment and assistance in procuring student financial aid but are subsequently disappointed with the poor quality of education provided. Their hopes of improved financial stability through the pursuit of higher education meet head on with disappointing labor market outcomes and unsustainable levels of student debt.*

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[3] Ortega, Jennifer. 2017. "ED Issues Final State Authorization Regulations." *Educause Review*. January 20, 2017. https://er.educause.edu/blogs/2017/1/ed-issues-final-state-authorization-regulations.

[4] Howarth, Robin and Lisa Stifler. 2019. "The failings of online for-profit colleges: Findings from student borrower focus groups." *Brookings Center on Education and Markets.* March 28, 2019. https://www.brookings.edu/research/the-failings-of-online-for-profit-colleges-findings-from-student-borrower-focus-groups/

[5] Ibid.

Given these findings, we urge that any final rule published by the Department of Education preserves the rights of states to enforce their laws and regulations protecting online college students located within their boundaries irrespective of the location of the distance education provider.

Sincerely,

Robin Howarth

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Center for Responsible Lending