August 21, 2012

The Honorable Arne Duncan
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Dear Mr. Secretary:

Our organizations, which work on behalf of students, veterans, consumers, and the advancement of civil rights, thank you for your efforts to protect students and taxpayers from fraud and abusive practices at career education programs at any college. We write to request a meeting with you and to urge you to take specific steps to insist on greater accountability from schools that receive billions of dollars in federal taxpayer funding.

As you know, a federal court recently upheld the Department's authority to issue regulations to enforce the statutory requirement that career education programs receiving federal funding, whether at for-profit, public or nonprofit colleges, "prepare students for gainful employment in a recognized occupation." Specifically, the court concluded "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."

However, the court vacated the finalized gainful employment rule because it found that the Department had not offered a sufficient rationale for its loan repayment rate threshold. The ruling means taxpayers will continue to fund the worst career education programs that consistently leave students, including veterans, low-income students, and students of color, mired in debt they cannot repay. The data that the Department recently published under the rule demonstrate precisely why it is so urgently needed: 65 percent of the programs failed at least one of three minimal tests, and five percent–193 programs at 93 different for-profit colleges–failed all three tests.

We appreciate that the Department has asked the court to re-instate the gainful employment reporting requirements, which would provide valuable information for students and taxpayers to evaluate programs. However, data alone will not ensure that programs improve, nor will it end funding for failing programs. In contrast, while the final gainful employment rule was much weaker than the initial draft rule, the threat of real sanctions under the final rule had already prompted some of the largest corporations to eliminate or improve some of their worst programs. We therefore request the opportunity to meet with you at your earliest convenience to discuss the steps the Department can and will promptly take to enforce the statutory requirement that career education programs receiving federal funding prepare students for gainful employment.

In addition, given the mounting evidence of waste, fraud, and abuse of taxpayer dollars by unscrupulous for-profit colleges, we urge you to use your existing authority to take immediate

steps to prevent schools from evading other current laws designed to protect students and taxpayers. The final report of the Senate Health, Education, Labor and Pension Committee's two-year investigation of the for-profit college industry provides abundant evidence that some for-profit education companies are using multiple strategies to evade the spirit, if not also the letter, of the current program integrity laws. For instance, internal company documents obtained by the Committee indicate that some companies are delaying giving students their federal aid for the sole purpose of moving these funds into the next fiscal year in order to keep the school below the 90 percent federal funding limit. Other internal documents and public company statements indicate corporations are placing borrowers in forbearance or deferment without concern for whether it is in the best financial interest of the borrowers, for the sole purpose of delaying their defaults until after the period when schools are held accountable for them. Still other companies are combining campuses for reporting purposes so their new "combined campuses" comply with the 90/10 Rule and are below the current cohort default rate thresholds, purposefully masking serious, known quality problems. We believe the Department has tools available to protect students and taxpayers from these harmful evasions or manipulations of the law.

We once again thank you for your leadership, and we stand ready to work with you as you seek to improve access to quality, affordable higher education for all Americans.

Sincerely,

American Association of University Women (AAUW)
American Federation of Teachers
Campus Progress Action
Center for Public Interest Law
Children's Advocacy Institute
Children's Defense Fund
Consumer Action
Consumers Union
Council for Opportunity in Education
Crittenton Women's Union
The Education Trust
Hispanic Association of Colleges & Universities
The Institute for College Access & Success
The Leadership Conference on Civil and Human Rights
League of United Latin American Citizens
Mississippi Center for Justice
NAACP
National Association for College Admissions Counseling
National Consumer Law Center (on behalf of its low-income clients)
National Consumers League
National Education Association
NCLR (National Council of La Raza)
Neighborhood Economic Development Advocacy Project
NYPIRG
Public Advocates Inc
Public Citizen
Returning Veterans of America
United States Student Association
U.S. PIRG
Veterans for Common Sense
VetJobs
Young Invincibles

cc: Cecilia Muñoz, Director, White House Domestic Policy Council
Gene Sperling, Director, White House National Economic Council