

April 23, 2015

Honorable Lamar Alexander, Chairman
Honorable Patty Murray, Ranking Member
Committee on Health, Education, Labor,
and Pensions
United States Senate
Washington, DC 20510

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

Dear Chairmen Alexander and Kline and Ranking Members Murray and Scott:

As organizations working on behalf of students, consumers, veterans, faculty and staff, civil rights and college access, we write to convey our strong opposition to the “Supporting Academic Freedom through Regulatory Relief Act” (HR 970, S 559). In particular, we oppose these bills because they repeal the gainful employment regulation and create new loopholes in the federal ban on incentive compensation, harming both students and taxpayers.

Congress should be *increasing* student and taxpayer protections, not scaling them back. Numerous [investigations](#) have revealed widespread waste, fraud and abuse in the for-profit college industry in particular, 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. Predatory for-profit colleges have [recruited veterans](#) and [students of color](#) especially aggressively. Currently, [37 state attorneys general](#) are jointly investigating allegations of fraud and abuse by for-profit colleges, multiple attorneys general have filed suits and reached multi-million dollar settlements, and the Department of Justice and Consumer Financial Protection Bureau both have suits pending against colleges that have received *billions* of dollars in taxpayer funding.

HR 970/S 559 repeal the gainful employment rule, including its consumer disclosures, and block the Department of Education from creating new protections for students in career education programs.

This legislation would repeal the gainful employment regulation recently finalized to enforce the Higher Education Act’s requirement that all career education programs receiving Title IV funding “prepare students for gainful employment in a recognized occupation.” This common-sense regulation is designed to enhance college access and success by ensuring that students have the information they need to select a career education program and that programs receiving federal funding do not consistently leave students with debts they cannot repay. Our organizations called for a strong gainful employment regulation to protect both students and taxpayers, and many of us recently filed an [amicus brief](#) supporting the regulation, which the for-profit college industry is seeking to block through litigation.

The gainful employment regulation has already had a positive impact. For instance, previously many career education programs did not disclose basic information regarding their cost, debt

levels, and completion or job placement rates. Now, they must. In addition, the threat of sanctions under the regulation has already prompted many of the biggest for-profit colleges to eliminate some of their worst programs, freeze tuition, and implement other reforms, such as giving students trial periods before banking their tuition checks. If the regulation is repealed, industry analysts have made clear that the companies will reverse these and other reforms that were implemented in anticipation of the regulation. Yet, that is just what this regulation would do—repeal the current regulation, including its consumer disclosure requirements.

It is worth noting that the gainful employment statutory requirement and regulation 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 almost all career education programs at public and nonprofit institutions pass the regulation’s tests for the simple reason that they are serving students far better.

HR 970/S 559 undermine the statutory ban on incentive compensation in higher education.

This legislation would also create dangerous loopholes in the statutory ban on incentive compensation (commissioned sales) that was enacted more than 20 years ago with broad bipartisan support. In 2010, the Education Department closed 12 regulatory loopholes that had led to recruitment and enrollment tactics employing lies, deception, “pain,” and “fear” to pressure students to enroll. This legislation 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.

Congress should not be repealing rules designed to ensure taxpayer dollars are spent wisely or creating new loopholes for aggressive and misleading recruitment tactics. We need to be cutting wasteful spending, not subsidizing programs that routinely leave students and families buried in debts they cannot repay—and leave taxpayers holding the bag.

Thank you for considering our views.

Sincerely,

Air Force Sergeants Association
American Association of University Professors (AAUP)
American Association of University Women (AAUW)
American Federation of Labor-Congress of Industrial Organizations (AFL-CIO)
American Federation of Teachers, AFL-CIO
Americans for Financial Reform
Center for Law and Social Policy
Center for Public Interest Law
Center for Responsible Lending
Children’s Advocacy Institute
Consumer Action
Consumers Union
Crittenton Women’s Union

Demos

The Education Trust

The Institute for College Access & Success

Generation Progress

The Leadership Conference on Civil and Human Rights

League of United Latin American Citizens

Mississippi Center for Justice

NAACP

NAACP Legal Defense and Educational Fund, Inc.

National Association for Black Veterans, Inc. (NABVETS)

National Association for College Admission Counseling

National Association of Consumer Advocates

National Consumer Law Center (on behalf of its low-income clients)

National Consumers League

National Education Association

NCLR (National Council of La Raza)

New Economy Project

The Other 98%

Paralyzed Veterans of America

Public Citizen

Public Counsel

Public Good Law Center

Service Employees International Union

Student Debt Crisis

United States Student Association

U.S. PIRG

Veterans Education Success

VetJobs

VetsFirst, a program of United Spinal Association

Vietnam Veterans of America

Woodstock Institute

Young Invincibles