



October 19, 2016

The Honorable John B. King, Jr.
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

ENSURE JUSTICE FOR VICTIMS OF CORINTHIAN COLLEGES

Dear Secretary King:

On behalf of The Leadership Conference on Civil and Human Rights and the 26 undersigned organizations, we write to you today with an urgent request—to provide justice to the former students of the now defunct Corinthian Colleges, Inc. We strongly urge the Department of Education to immediately suspend collection on the loans of former students of Corinthian, and to provide them with immediate, automatic debt relief. Corinthian Colleges was a large, for-profit educational company that lured vulnerable low-income students to enroll with fraudulent job placement data, to the financial detriment of these low-income students and their families. Justice requires that we provide these students with immediate relief, and the Department of Education has the power to do so. **We respectfully request that you instruct the Department to act today to both immediately suspend collection on their debts and to cancel them.**

As The Leadership Conference documented in 2014, students at for-profit colleges like Corinthian pay more in tuition, have more debt, are less likely to graduate, and are more likely to default – outcomes that in other contexts would meet the definition of “reverse redlining.”ⁱ Corinthian burdened students of color with an inferior education on unfair terms and at a substantially higher cost for far too long. The Department of Education’s ongoing collection of the debts of these students compounds the problem.

The Department has the authority to suspend collection on the loans of former students of Corinthian and to provide immediate, automatic debt relief, but it has not done so. Instead, the Department has engaged in a slow, student-by-student process that puts the onus on former Corinthian students to attain relief, compounding the damage that Corinthian caused. In late September 2016, an investigation by the office of Senator Elizabeth Warren (D-MA) found that the Department of Education is still collecting on the debts of nearly 80,000 former Corinthian students.ⁱⁱ This is despite the fact that these former students are likely eligible to have their debts cancelled by the Department, as they were enrolled during the period that the Department found widespread misrepresentations of job placement rates.ⁱⁱⁱ Data released by Senator Warren’s office show that more than 4,000 of these former students

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are having their wages garnished, and more than 30,000 are having their Social Security, tax refunds, or Earned Income Tax Credit payments seized.^{iv}

This is unconscionable. These largely low-income students cannot and should not be subject to this treatment, and their families simply cannot afford it. While the matter of debt collection and relief remains unresolved for former Corinthian students, they and their families remain in limbo, still subject to debts for an education they did not receive, unable to move forward in attaining further higher education, and at risk for sliding into (or further into) poverty. At a time of increasing income inequality, the Department's failure to act in a meaningful way is pushing hard-working low-income working people and their families further onto the margins. The Department should focus its energies on relieving the debt of students defrauded by Corinthian, not seizing benefits that may devastate families or garnishing the wages of those already victimized by Corinthian.

There is no question that Corinthian, like most for-profit colleges, specifically targeted low-income working people to enroll at their institutions. An analysis of Corinthian's 2014 enrollment numbers paints a telling picture.^v In 2014, 62 percent of all undergraduates who were enrolled in a for-profit college were the recipients of Pell Grants, a common indicator of low household income. Corinthian was ahead of the curve, with fully 77 percent of its undergraduates receiving Pell Grants that year.^{vi} The majority of students at Corinthian and other for-profit institutions are also above the age of 25, and are likely supporting families. In Fall 2013, 59 percent of students at Corinthian were above the age of 25, and 6 percent were over 50. At for-profit colleges generally, 68 percent of students were above the age of 25 in 2014, and 7 percent were above the age of 50.^{vii} Veterans were also targeted by Corinthian. A lawsuit by the California Attorney General found that Corinthian unlawfully used military seals in their advertising.^{viii} Between the 2009-2010 and 2012-2013 school years, enrollment of veterans at Corinthian increased by 229 percent (from 1,952 to 6,427).^{ix} Corinthian was one of the top ten recipients of GI Bill dollars.^x These former Corinthian students are not in a position to wait for relief, and require swift action from the Department.

We are also deeply concerned that the Department's punitive collection of debts from defrauded students may be hitting women and students of color particularly hard. As The Leadership Conference documented in our 2014 paper *Gainful Employment: A Civil Rights Perspective*, African-American and Latino students are over-represented in for-profit colleges, making up 41 percent of the student body.^{xi} This over-representation was even more extreme at Corinthian: an analysis of Corinthian's 2014 enrollment numbers shows that people of color comprised the majority (62 percent) of its students, women comprised 71 percent of its students, and African-American women comprised 26 percent.^{xii} The Department of Education has estimated that some 125,000 former Corinthian students may be eligible to have their debt discharged, due to the Department and the California Attorney General's findings of misrepresentation by the school.^{xiii} In addition, federal courts ordered the school to pay \$531 million to the Consumer Financial Protection Bureau for making material misrepresentations to students,^{xiv} and to pay \$1.1 billion to the California Attorney General for predatory and unlawful practices.^{xv} Corinthian students subject to these illegal acts deserve relief – not ongoing debt collection by the Department.



Given the near-total dependence of these institutions on students' access to federal aid, the Department's responsibility for oversight and intervention is significant. The Higher Education Act must be used as a tool to expand opportunity for students, especially those historically excluded from postsecondary education, and should not be used to further harm students who have already been taken advantage of by predatory, low-quality higher education programs, like Corinthian, that target low-income students. While the lost money and time spent in Corinthian classes was bad enough, continuing to collect on debt that is likely eligible for cancellation is simply shameful – especially since these borrowers are among the most vulnerable served by the Higher Education Act's programs.

The Department of Education has taken important steps recently to protect students from predatory for-profit institutions, which include prohibiting the for-profit ITT Educational Services, Inc. from enrolling new students with federal financial aid, and de-recognizing the Accrediting Council for Independent Colleges and Schools (ACICS), a major accreditor of for-profit colleges. But the Department must not leave behind the defrauded students of Corinthian. **We call on the Department to immediately halt any collections activity against former students of Corinthian Colleges, Inc., and to provide immediate and automatic relief to former Corinthian students.**

Thank you for your attention to this matter and your past efforts to protect students, taxpayers, and our nation's civil rights laws. If you have any questions or would like additional information please contact Liz King, Leadership Conference director of education policy at King@CivilRights.org or 202-466-0087.

Sincerely,

The Leadership Conference on Civil and Human Rights
AFL-CIO
American Federation of Teachers, AFL-CIO
Americans for Financial Reform
Association of University Centers on Disabilities
Center for Responsible Lending
Consumer Action
Disability Rights Education & Defense Fund
Empire Justice Center
Generation Progress
Higher Ed, Not Debt
Institute for America's Future National Student Debt Jubilee Project
League of United Latin American Citizens
MALDEF
NAACP
National Center for Learning Disabilities
National Consumer Law Center (on behalf of its low-income clients)
National Council of La Raza

National Education Association
National Employment Law Project
Sargent Shriver National Center on Poverty Law
Student Debt Crisis
The NAACP Legal Defense and Educational Fund, Inc.
U.S. Public Interest Research Group
Veterans Education Success
Woodstock Institute
Young Invincibles

ⁱ Leadership Conference on Civil and Human Rights, et al, “Gainful Employment: A Civil Rights Perspective,” October 2014, available at http://www.protectstudentsandtaxpayers.org/wp-content/uploads/2014/10/Gainful-Employment-Civil-Rights-Perspective_WhitePaper_October2014.pdf.

ⁱⁱ Letter from Senator Elizabeth Warren to Education Department Secretary John King, September 29, 2016, available at http://www.warren.senate.gov/files/documents/2016-9-29_Letter_to_ED_re_Corinthian_data.pdf.

ⁱⁱⁱ An April 2015 Department of Education enforcement action found 947 misstated placement rates at Corinthian’s Heald College. (See: <http://www.ed.gov/news/press-releases/us-department-education-fines-corinthian-colleges-30-million-misrepresentation>). In November 2015, the Department of Education and the California Attorney General’s office released findings that Corinthian’s Everest and Wyotech schools misrepresented job placement rates at locations in California and their online program based in Florida. (See: <http://www.ed.gov/news/press-releases/department-education-and-attorney-general-kamala-harris-announce-findings-investigation-wyotech-and-everest-programs>).

^{iv} *Supra* note 2.

^v Leadership Conference analysis of National Center for Education Statistics, “Integrated Postsecondary Education Data System,” available at <https://nces.ed.gov/ipeds/datacenter> (last accessed October 2016).

^{vi} The Federal Pell Grant Program provides need-based grants to low-income students to promote access to postsecondary education. A student’s eligibility is based on the student’s income (and assets if the student is independent), the parents’ income and assets (if the student is dependent), the family’s household size, and the number of family members (excluding parents) attending postsecondary institutions. protection allowance). See more at <http://www2.ed.gov/programs/fpg/index.html>.

^{vii} *Supra* note 5, examining Fall 2013 enrollment numbers broken down by age category.

^{viii} State of California Department of Justice, Office of the Attorney General, “Attorney General Kamala D. Harris Files Suit in Alleged For-Profit College Predatory Scheme,” October 10, 2013, available at <https://oag.ca.gov/news/press-releases/attorney-general-kamala-d-harris-files-suit-alleged-profit-college-predatory>.

^{ix} “Is the New G.I. Bill Working?: For-Profit Colleges Increasing Veteran Enrollment and Federal Funds.” Report by the U.S. Senate Health, Education, Labor and Pensions Committee. July 30, 2014. Available at http://www.protectstudentsandtaxpayers.org/wp-content/uploads/2015/01/SenateHELPRReport_GIBIIIFPs_July2014.pdf.

^x *Id.*

^{xi} *Supra* note 1.

^{xii} *Supra* note 5, examining 12-month 2014 enrollment by race/ethnicity.

^{xiii} See: “Arne Duncan Transcript: Some For-Profit Colleges Have ‘the Ethics of Payday Lending,’” Huffington Post, June 10, 2015, available at http://www.huffingtonpost.com/davidhalperin/arne-duncan-transcript-so_b_7557408.html. (“[W]e believe that there are about 40,000 borrowers who are impacted by today’s decision”);

and U.S. Department of Education, “Department of Education and Attorney General Kamala Harris Announce Findings from Investigation of Wyotech and Everest Programs,” November 17, 2015, available at <http://www.ed.gov/news/press-releases/department-education-and-attorney-general-kamala-harris-announce-findings-investigation-wyotech-and-everest-programs>. (“The Department’s findings apply to Corinthian campuses that served approximately 85,000 Wyotech and Everest students.”).

^{xiv} Consumer Financial Protection Bureau, “CFPB Wins Default Judgment Against Corinthian Colleges for Engaging in a Predatory Lending Scheme,” October 28, 2015, available at <http://www.consumerfinance.gov/about-us/newsroom/cfpb-wins-default-judgment-against-corinthian-colleges-for-engaging-in-a-predatory-lending-scheme/>

^{xv} State of California Department of Justice, Office of the Attorney General, “Attorney General Kamala D. Harris Obtains \$1.1 Billion Judgment Against Predatory For-Profit School Operator,” March 23, 2016, available at <https://oag.ca.gov/news/press-releases/attorney-general-kamala-d-harris-obtains-1-1-billion-judgment-against-predatory>