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**National Consumer Law Center Statement: U.S. Senate Report on For-Profit College Industry**

**BOSTON**—Today, the U.S. Senate’s Health, Education, Labor, and Pension (HELP) Committee released a report culminating a two-year long investigation of the for-profit college industry that points to an immediate need for reform. The investigation revealed that billions of taxpayer dollars are being funneled to an industry that harms students and taxpayers through paltry completion rates, lack of support services, and a large default rate. “The for-profit industry has grown dramatically over the last decade, and we hope that Congress will finally pass reforms that will make the industry accountable,” said Deanne Loonin, project director of the National Consumer Law Center’s (NCLC) Student Loan Borrower Assistance Project.

In its report also released today, *The Student Loan Default Trap: Why Borrowers Default and What Can Be Done About It*, NCLC conducted a survey of federal student loan borrowers who were in default and found that nearly two-thirds (65%) of those surveyed had attended one or more for-profit schools.

Too many borrowers harmed by unscrupulous schools have nowhere to turn. None of the three cancellations (or “discharges”) intended mainly to help borrowers—closed school, false certification, and unpaid refunds—provides sufficient relief. For example, a school may routinely pay admissions officers commissions in violation of incentive compensation rules, fail to provide educational materials or qualified teachers, and admit unqualified students on a regular basis. None of these violations is a ground for cancellation.

Lack of completion is one of the most commonly cited reasons for default in the studies that NCLC reviewed for its report. The report also found that for-profit colleges consistently have the highest two-year default rates, with a 15% cohort default rate for borrowers entering repayment in 2009 and borrowing rates are also highest in the for-profit sector.

“With these two reports, the evidence is clear that student loan borrowers need better protection,” said Loonin. “Will Congress and regulators have the will to take action? We certainly hope so and the sooner, the better.”

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Since 1969, the nonprofit National Consumer Law Center<sup>®</sup> (NCLC<sup>®</sup>) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. [www.nclc.org](http://www.nclc.org)

NCLC’s Student Loan Borrower Assistance Project provides information about student loan rights and responsibilities for borrowers and advocates. We also seek to increase public understanding of student lending issues and to identify policy solutions to promote access to education, lessen student debt burdens, and make loan repayment more manageable.

[www.studentloanborrowerassistance.org](http://www.studentloanborrowerassistance.org)