

# **Durbin: As interest in post 9/11 GI Bill grows it is more important than ever to close for-profit college loophole**

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## ***President Obama's budget proposal would strengthen oversight of taxpayer funding to ensure veterans are getting the education they deserve***

**WASHINGTON, D.C.** – After **President Obama** released his budget projecting a growing number of veterans interested in taking advantage of the Post-9/11 GI Bill, U.S. Senator Dick Durbin (D-IL) today said that is more important now than ever before to close a loophole that incentivizes the aggressive and often predatory recruitment of veterans, service members and their families by the for-profit college industry. President Obama's 2017 Budget would eliminate the loophole – known as the “90/10 loophole” – that also allows for-profit colleges to receive more than 90% of their revenue from the federal government.

**“The exclusion of billions of dollars from the Departments of Defense and Veterans Affairs in the federal 90/10 rule has led to well-documented cases of exploitation of service members and veterans by for-profit colleges,”** said Durbin. **“I have investigated these practices and have worked with the Departments of Education, Defense and Veterans Affairs to increase protections and bring transparency to this industry.”**

For-profit colleges deliver student outcomes that are questionable and end in much higher rates of student loan defaults than other sectors of higher education. For-profit colleges account for 40% of student loan defaults though they only enroll 10% of all college students.

**“Veterans and their families have given so much in service to our country, they deserve to realize the full potential of their education benefits. But too often, they are misled by for-profit colleges into wasting their Post-9/11 GI Bill benefits on courses that don't lead to meaningful degrees. Ultimately, taxpayers are on the hook for these industry misdeeds,”** said Durbin. **“Closing the loophole that exempts Post-9/11 GI Bill benefits from the federal funding calculation will put an end to the powerful incentive for-profit colleges currently have to aggressively recruit service members and veterans.”**

President Obama's 2017 Budget estimated that 877,525 trainees will take advantage of the Post-9/11 GI Bill in 2017, which is nearly 30,000 more than are expected to do so in 2016. At the same time, the number of eligible dependents taking advantage of the program is also expected to grow.

Durbin has worked for years to pass legislation he authored to close the 90/10 loophole that President Obama identified today in his 2017 Budget. His *Protecting Our Students and Taxpayers (POST) Act* - which he plans to reintroduce this Congress - changes the definition of what counts as federal revenue so that it includes all federal funds.

The current federal 90/10 rule is a provision in the law that bars for-profit colleges and universities from deriving more than 90% of their revenue from the U.S. Department of Education's federal student aid programs. The other 10% needs to come from sources other than the federal government. The purpose of this rule is to ensure that schools are not counting on taxpayer dollars to be their sole source of revenue.

Because of the way the legislation was written, veterans' and active duty service members' federal student aid – such as GI bill benefits and the Department of Defense's tuition assistance funds – does not currently count toward the 90%. As a result, for-profit educational institutions have been aggressively recruiting and enrolling veterans, service members and their families to their programs as a way to comply with the 90/10 rule.