



Durbin and Hassan Introduce Comprehensive Legislation to Protect Students and Taxpayers From Predatory Higher Education Practices

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WASHINGTON – U.S. Senators Dick Durbin (D-IL) and Maggie Hassan (D-NH) today introduced the *Preventing Risky Operations from Threatening the Education and Career Trajectories of Students Act of 2019*, also known as the *PROTECT Students Act*. The bill will help safeguard students, including servicemembers and veterans, and taxpayers from predatory and anti-student higher education practices and ensure that higher education meets the needs of hard-working students. As the Senate HELP Committee works to reauthorize the *Higher Education Act*, the *PROTECT Students Act* represents common-sense consumer protections for students and holds predatory institutions, including for-profit schools, accountable when they engage in unfair, deceptive, and other fraudulent practices.

“For-profit colleges enroll just nine percent of all postsecondary students but account for 34 percent of all federal student loan defaults. Add to that widespread predatory practices and a unique propensity within higher education for massive precipitous collapses, and the for-profit college industry continues to represent a disproportionate risk to students and taxpayers,” Durbin said. **“Any *Higher Education Act* reauthorization must address these realities head-on. The *PROTECT Students Act* does that.”**

“For our students and veterans to receive the quality education that they deserve, we must ensure that they are protected from predatory practices that too often occur at for-profit colleges and other higher education institutions,” Hassan said. **“From closing a loophole that allows for-profit colleges to take advantage of our veterans who have sacrificed bravely in defense of our freedoms, to ensuring that higher education institutions are preparing students for good-paying jobs that**

allow them to repay their student loans, to implementing a process to give students the loan forgiveness they are entitled to under the law, the *PROTECT Students Act* is critical to providing basic consumer protections to our students and preparing them for success. As the Senate HELP Committee continues working to reauthorize the *Higher Education Act*, I will keep reaching across party lines to ensure that common-sense consumer protections are included in the bipartisan reauthorization.”

The recent collapses of Education Corporation of America, Vaterott Colleges, and Dream Center Education Holdings in the past few months show that for-profit colleges continue to represent a disproportionate risk to students and taxpayers even years after the collapses of Corinthian Colleges, Inc. and ITT Tech. These companies raked in billions in federal taxpayer funds that enriched executives and investors while leaving tens of thousands of borrowers with huge amounts of debt that they’ll never be able to repay, credits or degrees of little value, and few job prospects. Meanwhile, Secretary of Education Betsy DeVos has worked to roll back key reforms put in place to improve the Department’s ability to prevent and respond to future collapses in the wake of Corinthian—consistently putting the interests of fraudulent, for-profit colleges ahead of students and underscoring the need for additional protections under the law. The *PROTECT Students Act* will help prevent more students from being subjected to unlawful, unfair, deceptive, and abusive practices, and prevent additional taxpayer dollars from being wasted.

The *PROTECT Students Act* is endorsed by: The Institute for College Access & Success (TICAS), Center for American Progress (CAP), Leadership Conference on Civil & Human Rights, New America Higher Education Initiative, The Center for Responsible Lending, Generation Progress, National Association for College Admission Counseling (NACAC), Third Way, The Education Trust, Young Invincibles, Veterans Education Success (VES), National Consumer Law Center (on behalf of its low-income clients), and the American Federation of Teachers (AFT).

A full bill summary is available [here](#) and bill text is available [here](#). Some highlights of key provisions in the *PROTECT Students Act* is available below:

Protecting Veterans and Students from Predatory Practices:

In order to protect veterans and servicemembers from predatory practices, the *PROTECT Students Act* would close the 90/10 loophole. The 90/10 rule in the *Higher Education Act* requires for-profit schools to obtain at least 10 percent of their revenues from non-federal sources, but a loophole in the law excludes all non-Title IV student assistance funds—such as Department of Veterans Affairs (VA) Post-9/11 GI Bill and Department of Defense (DOD) Tuition Assistance funds from being counted as federal

revenue. This allows for-profit colleges to receive up to 100 percent of their revenue straight from federal taxpayers by enrolling large numbers of veterans and servicemembers. It results in aggressive and, often, predatory recruitment of these students. This legislation would close the 90/10 loophole by counting VA and DOD funds as federal dollars and also restore the cap on the amount of revenue for-profit colleges can receive from federal sources to the original 85 percent—down from the current 90 percent.

The legislation also seeks to address the growing trend of for-profit higher education institutions attempting to convert to non-profit status, which allows these institutions to escape critical accountability measures. The *PROTECT Students Act* establishes a process for the Department of Education to better review and maintain oversight of such conversions. It also improves coordination of federal oversight of for-profit colleges among multiple federal agencies.

Ensuring Career Education Programs Prepare Students for Good-Paying Jobs:

The legislation also cracks down on career education programs that fail to prepare students for good-paying jobs by codifying the 2014 gainful employment regulations. By encouraging career education programs that leave students with too much debt compared to their earnings to improve and cutting off federal financial aid for those that don't improve, the provision helps ensure that students aren't buried in more debt than they can repay and that federal taxpayer dollars aren't wasted on worthless programs. Secretary DeVos has failed to enforce the current regulation and is seeking to repeal it.

Strengthening Protections for Student Loan Borrowers:

To protect student borrowers who have been cheated or defrauded by predatory institutions, including for-profit colleges, the *PROTECT Students Act* also includes a provision to codify and strengthen the 2016 borrower defense regulation designed, in the wake of Corinthian, to improve the process for borrowers to seek discharges under the *Higher Education Act's* borrower defense provision. Secretary DeVos is working on a rewrite of the rule that is likely to make it much harder for defrauded borrowers to receive the relief Congress intended under the law.

The *PROTECT Students Act* would also stop the practice, mostly used by for-profit colleges in higher education, to prevent students from bringing suits against them in court for misconduct through the use of mandatory pre-dispute arbitration and class action restrictions. This prevents students from holding institutions directly accountable. The Senators also included a measure in the legislation to reestablish the ability of individuals to anonymously report complaints through the Federal Student Aid's (FSA) Feedback System that helps students, borrowers, and the public to report allegations of

fraud and abuse in federal financial aid programs. The bill also codifies an Enforcement Unit within FSA to investigate allegations of misconduct by institutions.