

Durbin, Waters Introduce Class Act To Give Students Defrauded By For-profit Colleges Their Day In Court

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WASHINGTON, D.C. – U.S. Senate Majority Whip Dick Durbin (D-IL) and U.S. Representative Maxine Waters (D-CA-43) today reintroduced bicameral legislation designed to strengthen students’ ability to hold for-profit colleges accountable in court for their misconduct. The *Court Legal Access and Student Support (CLASS) Act* would enhance accountability for for-profit colleges and safeguard taxpayer dollars by prohibiting an institution of higher education from receiving Title IV federal student aid funding if the school’s enrollment agreement requires mandatory arbitration or otherwise restrict students’ ability to pursue claims against the school in court.

The bill also would ensure that the *Federal Arbitration Act*, which governs the enforcement of arbitration proceedings, would not apply to student enrollment agreements. Because legitimate non-profit colleges and universities do not include

mandatory arbitration clauses in their enrollment agreements, this legislation is squarely focused on those schools that might seek to profit off their students while hiding from accountability in a court.

“Using enrollment agreements to force students to give up their rights to go to court is a dirty trick long used by the for-profit college industry to evade accountability at the expense of the students they defraud,” said Durbin. “Students must be able to directly hold for-profit colleges accountable in court. Today’s bill shows that the Department of Education has strong Congressional support to develop an administrative ban on these shady for-profit college practices through its current rulemaking. I hope they’ll use it.”

"Any student who has been defrauded by a school and left with insurmountable student debt should be allowed to directly hold that school accountable in court," said Congresswoman Waters, the Chairwoman of the Financial Services Committee. “This legislation will ensure students retain the right to sue any school which defrauds them by putting an end to the use of mandatory arbitration clauses in enrollment agreements used by federally funded schools. As we have seen with Corinthian Colleges and many others, the for-profit college industry is rife with bad actors that lure potential students into some of the most expensive academic programs, all while knowingly and fraudulently misrepresenting the quality and success of these programs. These schools then use mandatory arbitration clauses and other tactics which prevent students from taking them to court, thereby shielding themselves from being held responsible for any wrongdoing. I am proud to introduce the CLASS Act, which will take bold action toward eliminating these types of clauses and give students' back the right to their day in court.”

Earlier this month, Durbin led his colleagues in urging the Department of Education—through its ongoing rulemaking—to restore and expand the ban on mandatory arbitration in enrollment. The 2016 Obama Borrower Defense rule instituted a ban which was overturned by the DeVos Borrower Defense rule.

In the Senate, Senators Sheldon Whitehouse (D-RI), Elizabeth Warren (D-MA), Sherrod Brown (D-OH), Richard Blumenthal (D-CT), Mazie Hirono (D-HI), Ed Markey (D-MA), and Jack Reed (D-RI) are cosponsors of today’s bill.

The bill is also supported by American Association for Justice, Americans for Financial Reform, Center for Justice & Democracy, Center for Responsible Lending, Consumer Action, Consumers for Auto Reliability and Safety, Earthjustice, Googlers for Ending Forced Arbitration, The Institute for College Access and Success, Public Citizen, Public Justice, the National Consumer Law Center (on behalf of its low-income clients), National Association for College Admission Counseling, National Association of Consumer Advocates, National Employment Lawyers Association, United States Public

Interest Research Group, Veterans Education Success, Woodstock Institute, and Young Invincibles.