May 27, 2014

The Honorable Arne Duncan
Secretary of Education
U.S. Department of Education
c/o Ashley Higgins
1990 K Street, NW, Room 8037
Washington, DC 20006-8502

Re: Docket ID ED-2014-OPE-0039

Dear Secretary Duncan:

As advocates for students and college access, veterans, consumers, and civil rights, we thank you for proposing regulations to protect students and taxpayers from career education programs that consistently leave students with debts they cannot repay. Federal law requires career education programs — at public, nonprofit, and for-profit colleges — to prepare students for gainful employment in a recognized occupation. Regulations are urgently needed to enforce this statutory requirement and protect both students and taxpayers from waste, fraud, and abuse.

As the Notice of Proposed Rulemaking documents, of all the federal financial aid recipients enrolled at the lowest performing programs, 98% are at for-profit colleges. This is particularly troubling given that 73% of students at for-profit colleges take on debt to enroll, and they are twice as likely to default on their loans than borrowers who attended other colleges. These poor outcomes are of particular concern for low-income and minority students, since they are heavily recruited by many for-profit colleges and enroll disproportionately as a result.

While many of the organizations signing this letter will be submitting additional and more detailed public comments, we all agree that the final rule must be strengthened to adequately protect students and taxpayers and prompt schools to quickly improve or end weak programs. In particular, we agree that the final rule needs to:

1. **Provide financial relief for students in programs that lose eligibility.** Schools with ineffective programs that lose eligibility for federal aid should be required to make whole the students who enrolled in the program. Providing full relief to all such students is not only fair, it also creates a greater incentive for schools to quickly improve their programs.

2. **Limit enrollment in poorly performing programs until they improve.** Under the draft regulation, poorly performing programs can increase the number of students they enroll, without limit,

right up until the day the programs lose eligibility. The rule should, instead, impose enrollment caps until a program improves.

3. **Close loopholes and raise standards.** The proposed regulation is too easy to game, and its standards are too low. For example, programs can pass the standards even when 99% of their students drop out with heavy debts that they cannot pay down. Unscrupulous schools can easily manipulate job placement rates or evade accountability by limiting program size. They can exclude the debt of graduates who enroll in a program for just one day and can enroll students in online programs that lack the accreditation needed to be hired in the states where the students live. These types of loopholes need to be closed and the standards raised.

4. **Protect low-cost programs where most graduates don't borrow**. Low-cost programs where most graduates do not borrow at all should automatically meet the standards because, by definition, these programs do not consistently leave students with unaffordable debts. Burdening these programs with a complicated appeals process could prompt more schools to leave the federal student loan program and lead to the closure of effective, low-cost programs.

These four changes are essential to adequately protect both students and taxpayers. We strongly urge you to include them in the final rule. The rule must be finalized by November 1, 2014, and go into effect no later than July 1, 2015. Students and taxpayers have waited too long already.

AFL-CIO
The American Association of State Colleges and Universities (AASCU)
American Association of University Professors (AAUP)
American Association of University Women (AAUW)
American Federation of Teachers (AFT)
Americans for Financial Reform
Center for Law and Social Policy (CLASP)
Center for Public Interest Law
Center for Responsible Lending
Children's Advocacy Institute
Children's Defense Fund
Consumer Action
Consumer Federation of California
Consumers Union
Council for Opportunity in Education (COE)
Covenant House
Crittenton Women's Union
East Bay Community Law Center
The Education Trust
Generation Progress
The Institute for College Access & Success
NAACP
National Association for Black Veterans Inc. (NABVETS)
National Association for College Admission Counseling
National Consumer Law Center (on behalf of its low-income clients)
National Consumers League
National Council of La Raza
National Education Association
National Women Veterans Association of America
New Economy Project (formerly NEDAP)
Paralyzed Veterans of America
Public Advocates Inc.
Public Citizen
Public Counsel
Public Higher Education Network of Massachusetts (PHENOM)
Public Law Center
Rebuild the Dream
SEIU
United States Student Association
U.S. PIRG

Institute for Higher Education Policy (IHEP)
Initiative to Protect Student Veterans
The Leadership Conference on Civil and Human Rights
League of United Latin American Citizens
MALDEF
Mississippi Center for Justice
Veteran Student Loan Relief Fund
Veterans Education Success
VetJobs
VetsFirst, a program of United Spinal Association
Vietnam Veterans of America
Woodstock Institute
Young Invincibles