



The GOP War on Students: Another Partisan Giveaway to Corporate Interests

Under H.R. 4508, for-profit colleges and corporate interests are the clear winners. Students and working families are the clear losers. The bill gives for-profit colleges unfettered access to Title IV funds without remotely adequate safeguards to protect students and taxpayers. Rather than work to increase access and affordability to quality degrees and credentials for all students, the bill opens the door to more waste, fraud, and abuse in higher education, with students and taxpayers left holding the bag when school misconduct, including school closure like Corinthian and ITT, occurs. The following represents a non-exhaustive list of ways in which H.R. 4508 puts corporate profits before students:

H.R. 4508 exempts for-profit and other colleges from existing accountability provisions: Rather than increasing accountability for schools with poor outcomes, the bill would prevent the federal government from enforcing even existing student and taxpayer protections. The bill –

- **Eliminates the 90-10 requirement for for-profit colleges:** Completely eliminates the current requirement that for-profit colleges get no more than 90 percent (previously 85 percent) of their total revenue from federal Title IV aid, a market-value provision created by Congress after years of financial aid abuses by for-profit colleges.
- **Eliminates the existing borrower defense to repayment rule:** Eliminates the borrower defense rule issued in 2016, including striking financial responsibility requirements for schools that engage in risky behaviors while depriving students of their right to take their college to court if they believe they were misled. H.R. 4508 permits borrowers only three years to file claims and obtain relief, limits the Department's mandate to automatically provide closed school discharges to affected students, and gives colleges the upper hand in disputing borrower defense claims.
- **Revokes the credit hour rule:** Repeals the Department of Education's credit hour rule, which created a more standardized, yet flexible, definition of the basis for awarding all federal aid. This change would permit schools to inflate their credit hours, siphoning off more taxpayer dollars through federal aid and forcing students to spend down their aid eligibility more quickly without learning more.
- **Repeals state authorization rules:** Eliminates the Department's state authorization rules for brick-and-mortar and distance education institutions, which establish baseline requirements for the approvals that colleges receive from states to protect students across the country. The bill would also prohibit any future regulation on state authorization.
- **Eliminates the cohort default rate measure:** Strikes the institutional cohort default rate measure, in which for-profits typically fare worse than other colleges, and replace it with a program-level measure of repayment status, eliminating the Department's ability to hold colleges with overall bad outcomes accountable.
- **Opens the door to abusive recruiting of students:** Makes it harder to protect students from aggressive marketing and recruiting by codifying current regulatory loopholes that allow for incentive compensation – loopholes enacted in the 2000's that led to abusive and fraudulent recruiting tactics and an explosion of enrollment at low-quality schools like ITT Tech and Corinthian.

H.R. 4508 allows unaccountable (and ineligible) education program providers to access taxpayer dollars. The bill would create an unaccountable, highly risky field of educational providers with full access to federal financial aid, in the name of innovation. The bill:

- Expands competency-based education without appropriate guardrails: Allows unchecked expansion of the largely untested field of competency-based education, providing full access to more than \$130 billion per year in federal financial aid, with no accountability requirements beyond approval from the program’s accreditor.
- Permits unaccountable and ineligible non-institutional providers access to aid: Permits non-institutional education providers—those that haven’t met even the basic requirements colleges must meet in terms of accreditor, state, and Department of Education approval—to offer entire programs of study at a college, granting them access to federal aid with no checks and balances.

H.R. 4508 makes it even easier for for-profit colleges to skirt federal oversight and accountability. The bill would provide an escape hatch for for-profit colleges to avoid existing accountability measures and reduce the quality of their education without consequence. The bill –

- Uses a single definition of “institution of higher education”: Eliminates the distinction between public/private nonprofit institutions and for-profit institutions by using a single definition for IHE. The new definition eliminates the requirement that, to be eligible for federal student aid, vocational and for-profit programs lead to gainful employment and prohibits the Department of Education from regulating to prevent taxpayer dollars from going to poor-performing programs.
- Includes a lax definition of correspondence courses: Alters the definition of correspondence education and eliminate the definition of distance education altogether. These changes create a gaping loophole to permit colleges, especially for-profits, to limit their student supports with few guardrails.
- Shortens period for all short-term programs eligible for grants and loans: Would shorten the minimum timeframe for a program of study to just 10 weeks and eliminate existing requirements that they meet a minimum job placement and completion rate standard. This would permit students to access Pell Grants and loans to attend very short programs that often carry little to no value in the labor market.
- Makes foreign for-profit institutions eligible for federal aid: Would expand Title IV access to all eligible foreign for-profit institutions, rather than only freestanding foreign for-profit medical, veterinary, and nursing schools.
- Allows federal grant dollars for earn-learn programs: Would provide grant dollars for a so-called “apprenticeship” provision, including paying employers to cover as much as half of students’ wages in eligible earn-learn programs with little to no quality controls.

H.R. 4508 eliminates and limits federal aid sources. By drastically limiting the amount of federal aid available to students and to parent borrowers (including cuts to grant aid and the expansion of Title IV eligibility with no additional resources), H.R. 4508 would force more students into the private market to finance their higher education. Private student loans lack the protections of federal loans and may discriminate by income, field of study, and other student factors. The GOP’s war on students makes college more expensive at every step: students must borrow more money, pay more to borrow more, and pay more to repay their loans.