



# Opening Statement

COMMITTEE ON EDUCATION & LABOR

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The Hon. Robert C. "Bobby" Scott • Chairman

## **Opening Statement of Chairwoman Susan Davis (CA-53)**

Subcommittee on Higher Education and Workforce Investment Hearing

*Strengthening Accountability in Higher Education to Better Serve Students and Taxpayers*

2175 Rayburn House Office Building

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Today, we are here to discuss the need to have stronger college accountability, which is critical to ensuring students are accessing a quality higher education.

Our higher education system maintains its integrity through three unique entities: the federal government, states, and accreditors. Together, these entities form the ‘*accountability triad*’ charged with protecting students and ensuring that they receive a quality education.

The accountability triad is intended to provide robust oversight of colleges and universities. But the recent wave of for-profit college closures raises serious questions about its effectiveness, and unfortunately, students and taxpayers are paying the price.

While some say there are “bad actors” in every sector, history clearly demonstrates that predatory behavior has *only* been rampant in the for-profit sector. For-profit colleges have, by definition, a fiduciary duty to its stakeholders to maximize profits, often at the expense of students.

We can tell just by looking at the data.

As you can see on the slide, the data clearly show that for-profit colleges have wreaked havoc on students and taxpayers. Students in for-profit colleges borrow more often, take out larger loans, and default at higher rates than students in similar programs at public and non-profit colleges.

Even with these abysmal outcomes, students are still attending these schools and we must ask ourselves why.

Is it because students don’t have all the information in front of them? Maybe.

Or maybe it’s because these for-profit institutions make it easier for students to enroll due to their flexible schedules? Perhaps.

But the reality is that these companies spend a lot of money aggressively marketing to and targeting students, particularly students of color, low-income students, and veterans. And their budgets are much larger than the local community college that is also open access and charges students a lot less than the for-profit company.

So perhaps having better information would help students make a more informed decision. However, improving consumer information is in no way a substitute for accountability. Regardless of how much information is available to students, most students are inherently constrained by geography.

For-profit institutions tout their flexible schedules and online education. But the truth is that for-profit institutions often spend a big part of their budget on recruiting students

Over the last four years, we have seen several large for-profit college companies collapse, leaving tens of thousands of students with no degree and high debt loads. Although we have seen some small, non-profit schools close, the closure impacts fewer students and are often related to enrollment declines – not predatory actions.

To maintain the integrity of our higher education system, we must examine and strengthen each entity of the triad – not as independent members but as interdependent members actively coordinating to achieve the goal of ensuring students receive a quality education.

Accreditors—traditionally the guardians of higher education quality—must be more effective at upfront gatekeeping and ongoing monitoring. That means setting standards that vary by institutional mission, using data to hold schools accountable, and standardizing procedures.

While I understand that an accreditor’s role is to help institutions improve, accreditors are also charged with ensuring quality for students today. And if it takes 10 years before an institution collapses due to its predatory practices, it means we are failing today’s students.

States also play an important role in the accountability triad. But that role is not well defined. Some states have taken aggressive steps to conduct proactive oversight, while others have done little to protect students and taxpayers.

We must encourage states to enforce minimal standards related to consumer protections. Reviewing marketing practices and enrollment contracts when authorizing colleges are just a few areas where states could take a more active role.

And when the state finds concerning patterns, the state should, at the very least, bring those concerns to the attention of accreditors and the Department of Education.

The federal government, as one of the three entities in the triad, must also do more. The Department of Education must ensure that schools receiving access to federal student aid are financially stable and are not defrauding students. And, in cases where students are cheated, the Department must provide relief so that students can have a new start without the burden of debt for an education that went nowhere.

Under this Administration, the Department has consistently failed to fulfill the federal government’s critical role in keeping colleges accountable, particularly for-profit colleges.

Under Secretary DeVos, this Department has failed to implement rules established to protect consumers from the worst performing schools. It is then no surprise that three major college chains abruptly collapsed without warning to students. Specifically, this Department has:

- Neglected to intervene when schools are putting students and taxpayers at risk;
- Reinstated the troubled Accrediting Council for Independent Colleges and Schools or A-C-I-C-S;
- Failed to oversee low-quality, career programs;
- Decreased college transparency, making it harder for students to make informed decisions; and
- Failed to quickly provide relief to defrauded students despite being ordered to implement this protection by a federal court judge.

The Department has not only abandoned its critical role in college accountability but has actively worked to undermine the integrity of the triad through negotiated rulemaking. The Department is proposing to reduce the its own footprint while providing accreditors with greater flexibility. Ultimately, these proposed changes would

allow low-quality schools to flourish and leave accreditors with little to no responsibility for accrediting bad actors.

As we consider ways to modernize the Higher Education Act to meet the needs of our modern workforce, we must strengthen accountability and ensure our current problems aren't exacerbated in the next reauthorization.

I look forward to working with all my colleagues to find solutions that ensure all students have access to a quality postsecondary education that leads to a rewarding career.

I want to thank the witnesses for being here with us today. I look forward to your testimony and the discussion that will follow.

I now yield to the Ranking Member, Mr. Smucker, for his opening statement.

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