



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)

House Education and Labor Committee Subcommittee on Higher Education and Workforce Investment &
House Veterans Affairs Committee Subcommittee on Economic Opportunity Joint Field Hearing
Protecting Those Who Protect Us: Ensuring the Success of our Student Veterans
Wednesday, April 24, 2019 | 1:30 p.m.

Today, we are here to discuss how to better protect students, veterans, and taxpayers from predatory, low-quality institutions of higher education.

Through their service to our country, returning veterans earn GI Bill benefits that provide access to quality colleges and universities and a pathway to success in civilian life. Unfortunately, far too many veterans have become victims of unscrupulous, low-quality for-profit institutions.

For-profit institutions, by definition, have a fiduciary duty to stakeholders to maximize profits, often at the expense of students. Research clearly indicates that for-profit college students borrow more often, take out larger loans, and default at higher rates than students in similar programs at public and non-profit colleges. Veterans are no exception. In fact, student veterans are disproportionately affected by low-quality institutions.

Although most student veterans do not attend for-profit institutions, these schools take in over 40 percent of all GI Bill funds. Between 2009 to 2017, eight of the top ten recipients of GI Bill tuition and fees went to for-profit schools, including now-shuttered college chains—ITT Technical institutes, Education Corporation of America, and Dream Center Education Holdings—which consumed billions of taxpayer dollars, only to leave students with crushing debt and no degree.

The Art Institute of California, a Dream Center school located here in San Diego, disrupted the education and finances of nearly 200 student veterans. And that's just one campus.

The connection between for-profit institutions and student veterans is not a coincidence. For-profit institutions deliberately target student veterans because of loopholes in federal law that incentivize them to do so.

The 90/10 rule, which requires for-profit schools to demonstrate their value by earning 10 percent of their revenue from non-federal sources, counts GI Bill benefits as a non-federal source. This makes GI Bill dollars extremely valuable to for-profit schools and created a system in which student veterans are consistent targets of aggressive recruiting.

To make matters worse, the Department of Education under this Administration has repeatedly abandoned both its responsibility to protect students and taxpayers from low-quality schools. In fact, Secretary DeVos has even loosened the regulations holding for-profit schools accountable.

Student veterans who have been victimized by predatory institutions and lax federal oversight have also been fleeced a second time by the Department's refusal to enforce vital protections for defrauded students.

Specifically, despite a court order, the Department has failed to implement the Borrowers Defense to Repayment rule, which ensures that students can obtain relief from student loans if their college or university defrauds them. Just two weeks ago, Secretary DeVos revealed to the Committee not a single application for loan relief from defrauded for-profit college students has been approved in the last six months.

Finally, the Department has failed to establish a transparent process for for-profit schools seeking to gain non-profit status. We cannot allow for-profit institutions to skirt accountability rules just by changing a tax designation on paper.

We want all student veterans to attend institutions that meet their needs and lead to good paying jobs. Congress has a rare opportunity to reform federal higher education policies so that student veterans are empowered to meet the needs of our modern workforce. But those reforms must also push the Department of Education to ensure that schools receiving taxpayer dollars are financially stable and are not defrauding veterans. And, in cases where students are cheated, the Department must provide relief so that veterans can have a new start without the burden of debt for an education that went nowhere.

Simply put, we have a responsibility to protect those who protect us.

I look forward to working with all my colleagues to find solutions that ensure veterans both adequate protection against predatory schools and access to quality college degrees that lead to a rewarding career.

Thank you to all our witnesses for being here with us today. I look forward to your testimony and the discussion that will follow.

I now yield to the Chairman of the Veterans Affairs Subcommittee on Economic Opportunity, Congressman Mike Levin, for his opening statement.