



**Statement of Nancy Zirkin, Executive Vice President  
The Leadership Conference on Civil and Human Rights**

**U.S. Department of Education**

**Hearing on Federal Student Aid Programs Under the Higher Education Act  
Docket ID ED-2012-OPE-0008  
May 21, 2013**

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Good morning. I am Nancy Zirkin, executive vice president of The Leadership Conference on Civil and Human Rights, the nation's premier civil and human rights coalition, representing over 200 national organizations working to build an America that's as good as its ideals.

Thank you for the opportunity to speak today on why the civil and human rights community strongly supports the efforts of the U.S. Department of Education to promulgate regulations that will enable effective enforcement of the "gainful employment" requirement of the Higher Education Act. The Leadership Conference believes all students enrolled in postsecondary education programs, whether public, non-profit, or for-profit, deserve high-quality, affordable education. In the career and job training sector, this means effectively preparing students for careers that pay competitive wages and enable them to pay off their student loans. We urge Secretary Duncan to enact a strong gainful employment rule to improve higher education and career opportunities for all Americans.

Education has been our country's "great equalizer," but it is no longer possible to achieve the American Dream of economic stability and prosperity without at least some postsecondary education. At a time when higher education is increasingly important to achieving financial independence, college has become prohibitively expensive. Today, student loan debt totals more than \$1 trillion dollars nationally, surpassing credit card and auto loan debt.<sup>i</sup> Between 2000 and 2011, the cost of college at public institutions grew 42 percent, and the cost of non-profit private institutions grew by 31 percent.<sup>ii</sup> With student aid remaining largely stagnant during this period, the dramatic increase in tuition costs has had dramatic consequences for students, who are borrowing large sums of money to attend college and who frequently graduate with debilitating levels of debt. Currently, two-thirds of students who graduate with four-year degrees have more than \$25,000 in loan debt.<sup>iii</sup>

College affordability is particularly important to communities The Leadership Conference represents, including students of color, low-income students, nontraditional students, single parents and veterans, who often experience significant economic barriers to college access and completion. For example, lower-middle-income families with incomes between \$40,000 and \$59,000 borrowed \$12,000 more in 2010 than families with incomes greater than



\$100,000.<sup>iv</sup> The burden of the increasing cost of college is keenly felt by communities of color. In 2007-2008, 81 percent of African-American students and 67 percent of Latino students who earned bachelor's degrees graduated with debt compared with 64 percent of White students.<sup>v</sup> For women, attending college is increasingly difficult since the student loan burden has a more significant impact on their finances due to issues of unequal pay.<sup>vi</sup> These problems will only grow if college costs are allowed continuously to soar and institutions are permitted to churn out graduates without adequately preparing them to be competitive in the job force.

The need for a strengthened gainful employment rule is particularly urgent for students enrolled in for-profit colleges. Students enrolled in these institutions comprise only 13 percent of all postsecondary students in the United States but account for 47 percent of all student-loan defaults.<sup>vii</sup> More than one in five students who attend for-profit colleges default on their loans within three years of entering repayment. That is 22.7 percent compared with 11.0 percent at public colleges and 7.5 percent at non-profit colleges.<sup>viii</sup> Furthermore, students who earn bachelor's degrees at for-profit colleges have far more debt on average (\$31,000) than do students who graduate from public (\$8,000) or non-profit (\$17,000) institutions.<sup>ix</sup> In addition to protecting students, enacting a strong gainful employment rule would protect public investments in career education programs by ensuring that federal student loans and grants are targeted at institutions that prepare their students for the workforce. Seventy-six percent of the revenue of these for-profits comes from federal student aid. In 19 percent of for-profits, taxpayer funds make up 85 percent of their total revenue.<sup>x</sup> We cannot afford to subsidize for-profit institutions of higher education that time and time again have failed to prepare their students for gainful employment.

The failure of for-profit colleges has been even worse for students of color, low-income students, women and armed-service members and veterans. African-American and Hispanic students are disproportionately represented at for-profit colleges. They comprise 28 percent of all undergraduates, but represent nearly half – 46 percent – of undergraduates at for-profit colleges.<sup>xi</sup> Although the majority of low-income students (70 percent) attend public colleges, they comprise 64 percent of students attending for-profit colleges.<sup>xii</sup> At for-profit colleges, the situation for low-income and minority students is especially dire. As undergraduates, these students are three times more likely to borrow through federal student loans, and four times more likely to borrow through private student loans, than their counterparts at public or private non-profit colleges.

Women are also disproportionately represented at for-profit colleges. They comprise 55 percent of those attending public colleges, but 64 percent of students enrolled in for-profit colleges. The gender imbalance is particularly stark at private for-profit colleges of less than two years, where women are three out of four undergraduates.<sup>xiii</sup> Additionally, the Senate Health, Education, Labor and Pensions Committee found that 20 for-profit colleges pulled in \$521 million in taxpayer-funded military and veterans tuition assistance in 2010, nearly eight times more than in 2006.

The high concentration of students of color, low-income students, women, nontraditional students and veterans at for-profit colleges is not an accident. It is the product of pernicious recruitment practices that target vulnerable populations to capture taxpayer-financed federal tuition aid. Nationally, we recognize that our country's future depends to a large degree on how well we educate the next generation and



commit to that endeavor through investments in student aid, loans and grants. However, permitting for-profit institutions to charge exorbitant tuitions and collect disproportionately high volume of federal dollars with little return on our collective investment is a travesty and a recipe for disaster.

As a civil and human rights advocate, this is all too familiar. This is the very same thing we saw with the rampant predatory lending that occurred during the housing boom, in which some actors in an industry that serves low-income and minority people decided to take advantage of them and the federal support they receive. The government cannot sit idly by as thousands of students, the majority of whom come from underprivileged communities, receive nothing for their hard work in school.

For these reasons, it is critical to enact promptly a strong gainful employment rule that will protect students and taxpayers. With for-profit colleges consuming as much as \$32 billion in federal financial aid in a single year, and with persistently high unemployment rates and race and gender-based pay gaps, the situation is dire for the communities we represent. We urge you to issue a strengthened gainful employment rule and to take all other necessary steps to enforce current laws and to improve higher education and career opportunities for all Americans.

In addition, we would like to address a second issue—the issue of violence against women on college campuses. Earlier this year the Violence Against Women Act (VAWA) was signed into law by President Obama. VAWA made several changes to the Higher Education and Clery Acts, to expand existing reporting requirements of sexual offenses on campus to include victims of domestic violence, dating violence, sexual assault and stalking. For the first time, colleges and universities will be required to provide information to students and staff about these different types of violence and the number of these crimes that occur on and near campus. As a result of the legislation, colleges and universities are also required to create and disseminate policies describing the protections, resources and services available to help victims of such violence to safely continue their education.

Given the recent reports of the failure of colleges and universities to take strong action in a variety of cases of sexual assault and other types of violence against women, it is critical that the Department of Education issue strong guidance to implement these new requirements that pays specific attention to traditionally underserved communities such as students of color and LGBT students. We also urge the Department of Education and the Office for Civil Rights to strongly enforce these provisions and ensure the accurate collection of data through reporting audits. These actions will assist colleges and universities to fully implement the legislation.

Thank you.

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<sup>i</sup> Consumer Financial Protection Bureau. “Too Big to Fail: Student debt hits a trillion.”

(<http://www.consumerfinance.gov/blog/too-big-to-fail-student-debt-hits-a-trillion/>)

<sup>ii</sup> Tuition costs of college and universities. National Center for Education Statistics  
(<http://nces.ed.gov/fastfacts/display.asp?id=76>)

<sup>iii</sup> David Madland, “Making Our Middle Class Stronger: 35 Policies to Revitalize America’s Middle Class”  
(Washington: Center for American Progress, 2012).

<sup>iv</sup> Radhika Singh Miller, “Pervasive Student Debt Penetrates Middle Class,” U.S. News & World Report, September 19, 2012.

<sup>v</sup> Sandy Baum and Patricia Steele, “Who Borrows Most? Bachelor’s Degree Recipients with High Levels of Student Debt,” College Board, 2010.

<sup>vi</sup> Chistianne Corbett, Catherine Hill, American Association of University Women. Graduating to a Pay Gap: The Earnings of Women and Men One Year after College Graduation. October 2012.

<sup>vii</sup> Ed Trust analysis of IPEDS, 12-Month Enrollment Survey, 12-month headcount enrollment, 2009-10; Ed Trust analysis of Award Year 2010-11 Title IV Program Grant

(<http://federalstudentaid.ed.gov/datacenter/programmatic.html>) and Direct Loan

(<http://studentaid.ed.gov/PORTALSWebApp/students/english/studentloans.jsp>) Volume by School reports, Department of Education; “FY 2009 Official National 3-Year Cohort Default Rates, Calculated August 5, 2012.”

<sup>viii</sup> FY 2009 Official National 3-Year Cohort Default Rates, Calculated August 5, 2012.

<sup>ix</sup> Analysis of NPSAS:08 in *Trends in Student Aid*, The College Board, 2009.

<sup>x</sup> Ed Trust analysis of Award Year 2008-09 and 2010-11 Proprietary School 90/10 Revenue Percentages from Financial Statements, Department of Education, <http://federalstudentaid.ed.gov/datacenter/proprietary.html> (Note this figure *does not* include military and veterans’ benefits.)

<sup>xi</sup> National Postsecondary Student Aid Survey 2008

<sup>xii</sup> National Postsecondary Student Aid Survey 2008

<sup>xiii</sup> 2008-09 data from the federal Integrated Postsecondary Education Data System