

May 25, 2014

Ms. Ashley Higgins,
U.S. Department of Education
1990 K Street, NW, Room 8037
Washington, DC 20006-8502

Dear Ms. Higgins,

The NAACP Legal Defense and Educational Fund, Inc. (LDF) welcomes the opportunity to comment on the Department of Education's proposed gainful employment regulations. Founded in 1940 by Thurgood Marshall, LDF is the nation's first and oldest civil rights legal organization. For decades, LDF has advocated for equal educational opportunity and access. However, predatory practices by many for-profit colleges---which prioritize the bottom line over positive student outcomes---are leaving far too many students of color with insurmountable debt and dim employment prospects, undermining the essence of equal educational opportunity. These practices focus on marketing, recruiting, and encouraging students to secure students loans, while shortchanging students on instruction and meaningful education leading to employment. Therefore, LDF supports strong regulation of for-profit colleges in the final gainful employment regulations, to ensure that for-profit colleges are helping students obtain meaningful educational opportunities that lead to gainful employment.

African Americans are disproportionately enrolled in for-profit colleges, where they often incur high debt and experience both poor educational and employment outcomes. Students of color and low-income students are enrolled in for-profit colleges at high rates between 50 to 37 percent.¹ This is especially the case for African Americans who comprise 16 percent of all American undergraduates, but more than 26 percent of undergraduates at for-profit colleges. For-profit colleges also have disproportionately high tuition rates, with bachelor's degree programs averaging 20 percent more than the cost of analogous programs at public universities.² These high price tags lead to high student loan debt, with 96 percent of for-profit college enrollees taking out student loans, compared to 48 percent of students at four-year public universities, and 57 percent of

¹ Lynch, Mamie, et. al., *Subprime Opportunity: The Unfilled Promise of For-Profit Colleges and Universities*, The Education Trust (November 2010).

² United States Senate Health, Education, Labor and Pensions Committee Study, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success*, (July 2012), Executive Summary, available at <http://www.gpo.gov/fdsys/browse/committeecong.action?collection=CPRT&committee=health&chamber=senate&congressplus=112&ycord=0>.

students and four-year private non-profit colleges.³ Research shows that African-American undergraduates at for-profit colleges are much more likely to borrow federal student loans; 74 percent of African American undergraduates at for-profit colleges took out loans in 2011-12 compared to 43 percent of those attending other colleges.⁴ African-American undergraduates are also more than twice as likely to borrow private loans as their counterparts at other colleges.⁵

These racial disparities are even more troubling given that for-profit institutions take in federal aid in the billions,⁶ even while their students suffer poor educational outcomes. A two-year study by the U.S. Senate's Health, Education, Labor, and Pensions (HELP) Committee shows withdrawal rates at for-profit colleges ranging as high as nearly 70 percent at some for-profit colleges.⁷ Such high incompleteness rates and high debt result in student inability to pay off loans; "nationally, nearly half of all federal student loan borrowers who entered repayment in 2008 and defaulted by 2010 attended for-profit colleges."⁸

Therefore, LDF urges strong final gainful employment regulations to help eliminate the exploitative practices of for-profit colleges that are leaving African Americans and other for-profit college students with high debt, high default rates, and lack of credentials to obtain employment. LDF urges the Department of Education to issue final regulations that include financial relief for all students (not just some, as currently proposed) enrolled in programs not meeting departmental gainful employment standards who have incurred financial aid debt, as well as the inclusion of a metric to address high dropout and high borrowing rates, in order to give a comprehensive picture of student outcomes at for-profit colleges.

³ *Id.*

⁴ Testimony of Debbie Cochrane, Program Director, The Institute for College Access & Success (TICAS), Assembly Higher Education Committee, Senate Business, Professions, and Economic Development Committee, Joint Legislative Oversight Hearing, (February 12, 2012), at 11, available at http://www.ticas.org/files/pub/Debbie_Cochrane_testimony_2-14-12.pdf.

⁵ *Id.*

⁶ *Id.* at 2. Stating that, "[i]n 2009-10, the sector [for profit] received \$32 billion, 25 percent of the total Department of Education student aid program funds."

⁷ U.S. Senate Health, Education, Labor and Pensions Committee Study, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success*, (July 2012), Appendix 15: Student Outcomes, available at <http://www.gpo.gov/fdsys/browse/committeecong.action?collection=CPRT&committee=health&chamber=senate&congressplus=112&yord=0>.

⁸ Testimony of Debbie Cochrane, Program Director, The Institute for College Access & Success (TICAS), Assembly Higher Education Committee, Senate Business, Professions, and Economic Development Committee, Joint Legislative Oversight Hearing, (February 12, 2012), at 7, available at http://www.ticas.org/files/pub/Debbie_Cochrane_testimony_2-14-12.pdf.

While LDF advocates for strong regulations to help end exploitative practices by for-profit colleges, we recognize that not all programs receiving Title IV funding under the Higher Education Act are negatively impacting students. Low-cost effective programs receiving Title IV funding, where the majority of graduates do not borrow and which do not entail the same negative outcomes and debt risks as for-profit colleges, should not be impacted by the same regulations. Regulating low-cost effective programs could have a chilling effect, and discourage these programs from participating in the federal student loan program. As such, we encourage the Department of Education to be mindful of avoiding unintended consequences when finalizing the gainful employment regulations.

LDF thanks the Department of Education for the consideration of these comments and looks forward to the timely issuance of strong regulations that result in better outcomes for all students and ensure truly meaningful educational opportunity and access. If you have any questions regarding this letter, please do not hesitate to contact us.

Sincerely,

Leticia Smith-Evans
Johnathan Smith
Janel George