

Congress of the United States

Washington, DC 20515

May 9, 2024

The Honorable Miguel Cardona
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202

Dear Secretary Cardona:

We write to urge the Department of Education (Department) to stand up an interagency task force on for-profit colleges, similar to the task force that would be created in our bill, the *Proprietary Education Oversight Task Force Act* (S. 3727 and H.R. 7804), and that was created by the Department in 2014.

For-profit colleges have a long history of defrauding students and targeting vulnerable populations, including students of color, veterans, single mothers, and low-income students. While the for-profit college industry enrolls only eight percent of U.S. college students, it accounts for 30 percent of all student loan defaults. In addition, students attending a for-profit college are more likely to use federal loans, have larger debts, default at higher rates, and experience worse labor market outcomes compared to their peers who attend a public college or university.

Many of the enforcement actions that could be taken against proprietary institutions involve multiple federal agencies. In 2014, the Department created an interagency task force to coordinate oversight and enforcement over this predatory industry. While the task force was important in promoting cooperation between federal agencies and state attorneys general, then-Secretary Betsy DeVos, an ally of proprietary education, quickly dismantled it.

While some for-profit colleges such as Corinthian Colleges and ITT Technical Institute have shuttered their doors, other disreputable for-profit colleges have found new ways to avoid accountability. For example, they have continued to prey on students by converting to nonprofit status or merging with a trusted public university system. In 2020, the University of Arizona (Arizona) acquired Ashford University (Ashford), a for-profit college that had been investigated by the Departments of Defense and Veterans Affairs, the Consumer Financial Protection Bureau, and multiple state attorneys general. Despite these warning signs, Arizona continued its acquisition of Ashford. Arizona now faces financial turmoil, as the Department is seeking to recoup \$72 million in borrower defense discharges and after the California Attorney General reached a multimillion-dollar settlement.

Now, despite the events at Arizona, the University of Idaho (Idaho) is trying to purchase the University of Phoenix, another duplicitous for-profit college with a long track record of defrauding veterans and service members. Although Phoenix was investigated by the Federal

Trade Commission (FTC) in 2019—resulting in the largest settlement between the FTC and a for-profit college—and the Department is trying to recoup \$37 million in borrower defense discharges, Idaho is continuing to pursue the acquisition. Millions of taxpayer dollars and the future of tens of thousands of students are at stake in this transaction.

We appreciate the Department’s work to protect students from predatory for-profit colleges, including providing borrower defense discharges to students and fining Grand Canyon University for misleading students about its cost. However, holding these schools accountable requires the cooperation multiple federal agencies working together. Too often, one federal agency will take enforcement action against a for-profit college, but not in coordination with other federal agencies. An interagency for-profit college task force would improve collaboration and the information available to federal agencies, policymakers, parents, and students.

As outlined in our bill, the task force should work to coordinate enforcement action against and increase accountability of for-profit colleges. The representatives on the task force also should be comprised of high-ranking agency officials. The task force should publish an annual, whole-of-government report on the for-profit college industry that includes student complaints; enforcement actions against institutions; student outcome data; and financial information related to executive compensation, marketing, and federal funding. The task force also should publish a warning list for students, parents, and high school educators that includes for-profit schools that are under state or federal investigation or face enforcement action.

Thank you for your consideration and commitment to protecting students and taxpayers.

Sincerely,



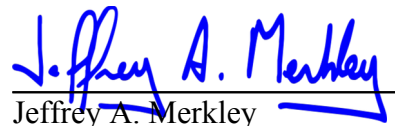
Richard J. Durbin
United States Senator



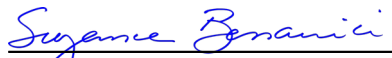
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