

Congress of the United States

Washington, DC 20510

June 19, 2015

The Honorable Robert McDonald
Secretary of Veterans Affairs
810 Vermont Avenue, Northwest
Washington, DC 20240

Dear Secretary McDonald,

We write to express our deep concern with the predatory practices of some for-profit colleges. As you well know, some for-profit colleges lure veterans into deals that fail them and do not provide them with the education and the qualifications they think they are going to receive. Ultimately, the victims are not just those veterans but also taxpayers because it is taxpayer money that often is lost. To provide veterans with timely information on the quality of an educational institution, and to highlight the unscrupulous bad actors in the for-profit industry, we urge the Department of Veterans Affairs (VA) to include a "risk index" in the GI Bill Comparison Tool.

In early April the Department of Education released a list of 544 institutions that have been placed on Heightened Cash Monitoring (HCM), a process that allows the Department to exercise additional oversight over federal compliance issues and may prevent a school from receiving advance payment of federal student aid. Fifty-nine percent of the institutions on that list are for-profit colleges, some of which rely heavily on taxpayer dollars to meet their bottom line. According to the Department of Education, an HCM designation can serve as a caution to students for it means the Department is heavily scrutinizing a school to ensure it is using federal student aid in a way that is accountable to both students and taxpayers. Last summer, the Department of Education placed Corinthian Colleges, a for-profit chain, on HCM to address concerns about its practices. This spring, Corinthian Colleges closed all of its campuses, leaving thousands of exploited students on sitting piles of debt. This failed for-profit chain alone received \$186 million in Post-9/11 GI Bill benefits. Veterans deserve to know whether a school is under increased scrutiny from the Department of Education. The VA could easily modify its GI Bill Comparison Tool to include information on whether a school has been placed on HCM.

Similarly, veterans using the GI Bill Comparison Tool should be made aware that a school is under investigation by, or has settled with, federal or state law enforcement agencies for misleading students or predatory practices. While an investigation does not amount to a finding of guilt, it does indicate that there are serious concerns with a school that warrant law enforcement action. For instance, in January 2014 the Iowa Attorney General's office notified Corinthian Colleges that it was leading an investigation by thirteen states, including Connecticut, into the for-profit chain's predatory practices. Colorado, Hawaii, and New Mexico later joined

includes 30 states, to examine potential abuses within the for-profit college industry. Again, the VA could easily include information about federal or state law enforcement actions against schools in the GI Bill Comparison Tool. Veterans deserve to know this information.

Another critical piece of information that would allow veterans to make better informed decisions is whether credits or degrees earned at for-profit colleges are accepted by public or non-profit degree granting institutions. Many veterans attend multiple institutions while earning a degree. Too often, however, information on the transfer of credits is buried deep in a school's catalogue and may not contain a caveat that the ability to transfer credits to another institution may be very limited. This deceptive practice, unfortunately, is not new. In 2013 the Career Education Corporation, which operates for-profit schools, was required to enhance its credit transfer disclosures in a settlement with the New York Attorney General.

Education is one of the most important investments a veteran can make after their service to our nation. It is therefore critical that veterans have access to reliable and timely information before making use of taxpayer-funded education benefits. We urge the VA to add a "risk index" to the GI Bill Comparison Tool that would rate schools as low-risk, medium-risk, or high-risk based on factors such as heightened monitoring by the U.S. Department of Education, investigations and settlements with state Attorneys General and the federal government, failure of credits to transfer, and other appropriate factors. Such an index would significantly improve the consumer protection information available to veterans. It is vital not only to veterans but to their smart use of taxpayer dollars.

We appreciate your swift attention to these important matters and welcome any suggestions regarding additional authorities you may need to address the predatory practices of some for-profit schools.

Sincerely,

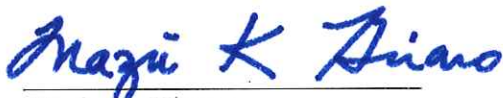


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