

May 4, 2020

The Honorable Nancy Pelosi
Speaker
U. S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

The Honorable Nita Lowey
Chairwoman
House Appropriations Committee
2365 Rayburn House Office Building
Washington, DC 20515

The Honorable Kay Granger
Ranking Member
House Appropriations Committee
1026 Longworth House Office Building
Washington, DC 20515

Dear Speaker Pelosi, Minority Leader McCarthy, Chairwoman Lowey, and Ranking Member Granger:

As you prepare additional legislation to alleviate the health and economic impact of the coronavirus pandemic (COVID-19), we especially urge you to place additional restrictions on the higher education funding that for-profits are currently allowed to receive, including by making for-profits ineligible for direct emergency grant funding.

The global public health emergency and economic crisis caused by COVID-19 has jeopardized the health, learning, and livelihoods of millions of students and threatens the financial stability of public and private, nonprofit colleges and universities across the country. The American Council of Education (ACE) estimates that these institutions will have a minimum projected revenue loss of \$46.6 billion due to the COVID-19 pandemic. This includes losses from reduced national student enrollment, and fees for housing, food services, and health and recreation facilities. Without these sources of funding, institutions will be unable to meet the full needs of students.

We are grateful that, on a bipartisan basis, Congress established the Higher Education Emergency Relief Fund in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 1116-136) to aid students and to stabilize colleges and universities. We urge you to provide additional support to students, states, and public and private, nonprofit colleges and universities in future recovery packages.

At the same time, we believe it is critical that future packages explicitly direct additional emergency funding for institutions of higher education to public and nonprofit institutions. Because the CARES Act defines institutions of higher education in accordance with Title I of the Higher Education Act of 1965, it does not explicitly make for-profit colleges ineligible for funding. We are concerned that for-profit colleges will receive an estimated \$1.1 billion in

federal funding from the Higher Education Emergency Relief (HEER) Fund under CARES.¹ While the CARES Act excluded students already enrolled in distance learning from additional relief, resulting in some for-profit programs receiving less or no funding from HEER, additional guardrails must be included in the next package.

The purpose of emergency relief is to directly assist students and to help institutions of higher education cope with additional costs due to COVID-19 — including changes to the delivery of instruction from in-person to distance learning. The percentage of students who were enrolled exclusively in distance learning prior to COVID-19 was highest among for-profit colleges — at 60 percent — since for-profit colleges use online education to maximize enrollment and revenue while minimizing instructional costs.² This fact reflects a significantly reduced need for most for-profit colleges to receive any federal funds to compensate for changes to the delivery of instruction at these institutions, since they are already largely online.

What's more, recent history gives us a warning about what the result of seeding this industry with federal dollars at this moment could be. During and immediately following the 2008 financial crisis, millions of Americans lost jobs and could not find work. They viewed a college degree or going back to school as their best opportunity to compete in a weakened job market and enrolled in college to improve their employment chances. Meanwhile, as states faced historic budget crises, state policymakers dramatically cut financial support for public higher education, which left public institutions and community colleges unable to compete for this surge of unemployed or underemployed Americans enrolling in higher education.

While nonprofit institutions of higher education were forced to reduce their operating expenses and increase tuition costs, many for-profit colleges used false or misleading promises to get students to enroll and take on massive debt for an education that proved to be worthless, as we saw with the collapse of Dream Center Education Holdings, LLC, Education Corporation of America, ITT Technical Institutes and Corinthian Colleges all in the past six years. Unfortunately, a disproportionate number of these students are low-income, veterans, and/or students of color. We cannot, in good conscience, allow more students to be harmed by these deceitful practices.

Despite never enrolling more than 13 percent of all postsecondary students,³ for-profit colleges made up more than half of the top 25 institutions whose students owed the most in federal student loan debt in 2014.⁴ In 2000, only one for-profit college was on the list. The massive growth, widespread fraud, and poor outcomes of the for-profit college industry during and after the 2008 financial crisis contributed to the historic student debt crisis we face today—

¹ <https://finance.yahoo.com/news/coronavirus-stimulus-package-for-profit-colleges-152154186.html>

² 85 FR 18674

³ https://www.help.senate.gov/imo/media/for_profit_report/PartI.pdf

⁴ https://www.brookings.edu/wp-content/uploads/2016/07/ConferenceDraft_LooneyYannelis_StudentLoanDefaults.pdf

and which Congress was forced to address in the CARES Act with relief to federal student loan borrowers. We do not wish to see history repeat itself.

In these unprecedented and uncertain times, millions of Americans are, once again, worried about their futures. We urge you to protect students and taxpayers by clarifying in future relief packages that only public and private, nonprofit institutions are eligible for additional emergency aid to higher education.

Thank you for your consideration of this matter.

Sincerely,



LUCY MCBATH
Member of Congress



PRAMILA JAYAPAL
Member of Congress

Earl Blumenauer
Member of Congress

Steve Cohen
Member of Congress

Jason Crow
Member of Congress

Susan A. Davis
Member of Congress

Suzan K. DelBene
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Abby Finkenauer
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Jesús G. “Chuy” García
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Sylvia R. Garcia
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Josh Harder
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Jahana Hayes
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Derek Kilmer
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Andy Levin
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Ilhan Omar
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Ayanna Pressley
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