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STATEMENT OF PAULINE ABERNATHY  
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## **In Reversal, House Appropriations Bill Funds Pell Grants, But Turns Blind Eye to Fraud and Abuse in Career Education Programs**

July 18, 2012 -- Today, the House Labor-HHS-Education appropriations subcommittee voted to fully fund Pell Grants in the upcoming year. This year's House Appropriations Committee [bill](#) is a sharp reversal from last year's [bill](#) and this year's House [budget](#), both of which drastically cut Pell Grants. But like last year's appropriations bill, today's bill would block the Department of Education from taking common-sense steps to curb waste, fraud and abuse in career education programs that receive billions of dollars in taxpayer-funded student aid.

**Pell Grants:** We are encouraged that the bill backs away from the deep Pell Grant cuts the House passed in March, and that it maintains the scheduled maximum grant of \$5,635 for the 2013-14 school year.

However, a key source of Pell Grant funding expires at the end of fiscal year 2013, so the test of their commitment to college affordability is whether the House majority supports sufficient funding for Pell Grants in fiscal year 2014 as well as 2013. The Senate appropriations bill provided savings to reduce the fiscal year 2014 Pell funding gap from approximately \$6 billion to \$2.4 billion, but the recent student loan interest rate freeze [tapped](#) some of those savings.

Pell Grants help more than nine million low- and moderate-income Americans attend and complete college and are the cornerstone of our nation's student aid system. Even with the scheduled increase to \$5,635, the maximum grant is projected to cover less than one-third of the cost of attending a four-year public college in 2013-14, the lowest share in the history of the program. As recently as in the 1980s, the maximum grant covered more than half of that cost.

We urge the House, Senate and Administration to work together to ensure that Pell Grants are fully funded in both 2013 and 2014, so that students and families already struggling to make ends meet aren't left with smaller grants and bigger loans. And we call on House leaders to publicly commit now that they will *not* pursue the harmful cuts to grant levels and eligibility that they sought just a few months ago.

**Gainful Employment:** The bill also blocks any enforcement of a long-standing statutory requirement that career education programs—public, nonprofit or for-profit—receiving federal student aid “prepare students for gainful employment in a recognized occupation.” Too many career education programs are taking federal funding and consistently leaving students with debts they cannot repay and credentials they cannot use. Today's House bill even blocks new consumer disclosures of student debt levels and completion and placement rates.

Recent [data](#) from the U.S. Department of Education show that only about a third of career education programs meet a set of remarkably low standards for student debt burdens and loan repayment rates. As evidence of waste, fraud and abuse in the for-profit college industry continues to mount, [30 state attorneys general](#) from both parties are jointly investigating industry practices.

To protect students and taxpayers, we call on Congress to promptly adopt bipartisan legislation that prohibits any school from using [taxpayer dollars to advertise and recruit students](#) and [closes the “90-10 Rule” loophole](#) allowing schools to count GI Bill funds and Department of Defense Tuition Assistance as private rather than federal dollars. We also urge the Obama Administration to do more to curb waste and fraud by colleges that receive federal student aid.

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*An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. Our Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see [ticas.org](#) or follow us on [Twitter](#).*