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STATEMENT OF: Lauren Asher

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TICAS Statement on Final Senate Report on For-Profit College Industry

The [report](#) from the Senate Health, Education, Labor and Pensions (HELP) Committee's two-year investigation of the for-profit college industry makes the urgent need for reform abundantly clear. By closely examining industry practices, corporate finances, and student outcomes, the investigation exposed that billions of taxpayer dollars are funding an industry rife with a toxic mix of misleading sales tactics, unmanageable student debts, low completion rates, and growing evidence of fraud.

Concerns about cost and quality can be found in all sectors of higher education, but the data clearly show that the for-profit college industry is in a class by itself. The industry has the highest dependence on federal funding (\$32 billion a year), the highest share of students with debt, the highest debt loads for degrees, and by far the highest student loan default rates of any sector. These differences remain stark even after considering student demographics.

The report reveals that the companies examined spent on average more than twice as much on marketing, recruiting and profits (42%) as on instruction (17%). They had an average of just one career services position for every 10 recruiters, and the largest company had no career services staff at all. Given these facts, it is not surprising that while only enrolling about one in 10 college students, the industry absorbs one in four federal Pell Grant and student loan dollars, gets the largest share of military and veterans education benefits, and accounts for nearly half of all student loan defaults.

More than 20 years ago, the [Nunn hearings](#) documented these same unsavory practices and lax government oversight of this industry. In response, the George H.W. Bush Administration and Congress acted on a bipartisan basis to enact reforms. These reforms were later [watered down](#), creating the dismal situation we have today.

It is time for members of both parties to come together again to protect students and taxpayers from waste, fraud, and abuse. In an encouraging sign, there is now bipartisan support for bills that reflect key recommendations in the Committee's final report: prohibiting any type of school from using [taxpayer dollars for advertising and recruiting](#); and [closing the "90-10 Rule" loophole](#), which allows for-profit colleges to exclude military and veterans education benefits from a 90 percent cap on revenue from federal student aid. Without the kinds of oversight and consumer protections recommended in the committee report, unscrupulous schools will continue to thrive while students and taxpayers pay the price.

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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](#).