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## **New Report Outlines Policy Blueprint for States to Protect Students Against Abuse, Fraud by For-Profit Colleges**

*As Federal Government Undermines Student Protections, State Oversight  
Increasingly Important, Experts Say*

(New York) – A [new report from a pair of leading research organizations](#) outlines a range of policies and regulatory actions that states can take to protect students against consumer abuses by higher education institutions, particularly for-profit colleges. Authored by experts at The Century Foundation (TCF) and The Institute for College Access & Success (TICAS), the report represents the first-of-its-kind “toolkit” for local policymakers to safeguard consumers against low-quality colleges and deceptive practices.

“Given inadequate federal oversight of for-profit colleges, made worse by efforts by the current administration to roll back the protections that do exist, state policymakers must step in and step up to protect students and taxpayers,” said **Debbie Cochrane**, Vice President at TICAS and one of the authors of the report. “This new toolkit provides officials with a tested roadmap for greater oversight of the higher education sector.”

The report offers seven types of policies to steer colleges toward positive outcomes, including:

1. **Implement accountability standards for state financial aid**, such as tying state grant dollars to institutions that have low student default rates
2. **Use a market-value test to protect students and taxpayers**, such as requiring a certain share of students or employers to pay out-of-pocket so that there is a validation of tuition prices
3. **Publish employment outcomes for all college programs**, such as creating user-friendly websites that publishes apples-to-apples information on wage and employment data by school
4. **Protect students with tuition recovery funds**, including adequately funding “student guaranty” funds to reimburse students whose college closes or who are defrauded
5. **Enforce the rules that make colleges public or nonprofit**, checking the veracity of nonprofit and public labels for schools in state as well as operating from outside the state via online education
6. **Don’t let schools deny students access to justice**, including requiring schools to proactively certify that they will not impose forced arbitration, class-action bans, or gag clauses on students
7. **Warn consumers about predatory recruitment**, such as through strong information campaigns to provide residents advice about selecting schools and training programs

While most of these policies can be applied to all types of colleges, and all types of colleges struggle with inconsistent quality, students at for-profit schools in particular are less likely to see earnings gains, more likely to have unaffordable debt, and more likely to default on their student loans. Not coincidentally, state oversight is weakest at for-profit colleges, with many states doing relatively little to oversee these institutions that enroll 2.5 million students nationally.

Moreover, federally funded for-profit colleges tend to enroll vulnerable, financially insecure students at high rates: low-income students, students of color, women, single parents, and older adults are all disproportionately enrolled in for-profit colleges. For many of these students, rather than providing the education and financial stability sought, for-profit colleges have had a devastating impact on their lives, as shown in well-documented cases of student deception at schools such as ITT Tech.

These widespread concerns have attracted attention from state attorneys general over the past decade, leading to the formation of a bipartisan working group to review for-profit college practices, a group that included thirty-seven states in 2015. Investigations stemming from these efforts have focused on troubling practices on a wide set of issues, including colleges' marketing and advertising, recruitment and admissions, and financial aid practices. The evidence unearthed by state attorneys general has in turn been used by federal agencies in their own suits and enforcement actions, and as the basis for making tens of thousands of defrauded student loan borrowers eligible for discharges.

“While we’ve seen some progress at the state level in recent years to remedy the harms done by predatory for-profit colleges, more must be done to prevent these abuses from happening in the first place,” said **Robert Shireman**, senior fellow at The Century Foundation and co-author of the report. “With this toolkit, states can build on their longstanding role in higher education and consumer protection to ensure that all schools are of high quality and all students and taxpayers are protected.”

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The Century Foundation is a progressive public policy think tank that seeks to foster opportunity, reduce inequality, and promote security at home and abroad. Founded in 1919, TCF pursues its mission by conducting timely, nonpartisan research and policy analysis that informs citizens, guides policymakers, and reshapes what government does for the better. TCF is based in New York, with a satellite office in Washington, D.C. Follow the organization on Twitter at [@TCFdotorg](https://twitter.com/TCFdotorg) and learn more at [www.tcf.org](http://www.tcf.org).

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. By conducting and supporting nonpartisan research, analysis, and advocacy, TICAS aims to improve the processes and public policies that can pave the way to successful educational outcomes for students and for society.