

November 17, 2021

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
S-221, The Capitol
Washington, DC 20510

Dear Speaker Pelosi and Leader Schumer:

We represent a broad [coalition](#) of organizations working on behalf of students, veterans, faculty and staff, civil rights advocates, researchers, and others concerned about career education programs that leave students with debts they cannot afford. Predatory schools leave students with unfair and unaffordable student loan debt and leave taxpayers exposed when students cannot repay those debts.

We strongly support the Build Back Better bill's investments in higher education, including the \$550 increase to the maximum Pell grant. Pell grants have helped millions of low- and moderate-income Americans, most with family incomes under \$40,000, attend and complete college. We also support incentivizing students to attend schools where Pell grant dollars will go the furthest, and where increases in aid are less likely to translate into increased tuition costs and debt. Excluding schools that operate on a for-profit basis will promote both goals.

[Research](#) shows that—in contrast to other sectors of higher education—tuition rises at for-profit colleges when additional federal financial aid is made available to the sector. Further, investigations and data spanning more than a decade show that for-profit colleges, overall, provide worse outcomes for students than other sectors of higher education. High prices, low spending on instruction, and high dropout rates at many for-profit schools have left former students, including a disproportionate share of Black and Latina/o borrowers, buried in debt and without the career advancement they sought.

For-profit colleges spend just 26 percent of the tuition revenue they receive on instruction, compared to 79 percent at nonprofit colleges and an even higher percent at four-year public colleges. Just 25 percent of for-profit students graduate with a bachelor's degree in six years, compared to 61-67 percent in other four-year sectors. For-profit institutions account for less than 10 percent of overall college enrollment but make up [one-third of all students in default](#).

Additionally, many for-profit schools have engaged in predatory and deceptive practices to recruit students into low-quality programs. When investigations have documented such deception and fraud, the schools have collapsed and closed, taking taxpayer dollars with them

and leaving students with neither credentials nor enhanced earning power. Since 2009-10, more than \$9 billion in Pell grants have gone to for-profit schools that have collapsed. ITT Tech and Corinthian Colleges alone received more than \$4.2 billion in Pell grants in the six years before both schools shuttered.¹

Multiple states, including California and Washington, have taken steps to allocate state financial aid dollars in a manner comparable to the Build Back Better provision—directing students to more valuable programs by increasing available aid for those programs. The approach taken in the Build Back Better Act will focus new Pell grant investments in a simple and effective way that will reduce waste, fraud, and abuse.

The Build Back Better bill makes an appropriate decision to direct the Pell grant increase in a manner that maximizes federal resources. We thank you for the hard work on the Build Back Better package, and we look forward to working together to pass this provision and the full package of critical new investments.

Sincerely,

American Association of University Professors
American Federation of Teachers
Americans for Financial Reform
Association of Young Americans (AYA)
Center for American Progress
Center for Law and Social Policy (CLASP)
Clearinghouse on Women's Issues
College & Community Fellowship
Consumer Action
Education Reform Now Advocacy
Feminist Majority Foundation
Generation Progress
National Down Syndrome Congress
National Education Association
National Urban League
New America Higher Education Program
Ohio Student Association
Project on Predatory Student Lending
Public Citizen
Public Higher Education Network of Massachusetts (PHENOM)

¹ TICAS calculations of Title IV Program Volume Reports (2009-10 to 2019-20), accessed from the U.S. Department of Education's FSA Data Center.

The Education Trust
The Institute for College Access & Success
Veterans Education Success
Young Invincibles
David Halperin, Attorney
Robert Shireman, The Century Foundation