THE INSTITUTE FOR COLLEGE
ACCESS & SUCCESS

Hold Colleges Accountable for Providing a Quality Education

Protect Students from Low-Quality and Fraudulent Schools by Enhancing Statutory Protections and Guardrails

Strong college accountability is key to reducing the number of students left worse off by burdensome student debt, protecting taxpayers' investment in higher education, and ensuring colleges deliver on the promises they make to students. **Government investigations and student lawsuits have uncovered predatory behaviors at a range of colleges, such as high-pressure sales tactics, falsified job placement rates, lies about program cost and transferability of credits, and misrepresentation about the ability to obtain the required licensure for employment.** This misconduct is often targeted at Black and Latino students, student veterans, or students from low-income communities and is concentrated at, but not exclusive to, for-profit colleges. High-cost programs that do not provide sufficient instructional quality and graduate earnings sink students in unaffordable debt and result in higher loan defaults and wasted taxpayer money.

Safeguard Student and Taxpayer Investments in Higher Education

Across all sectors of higher education, far too many programs fail to deliver a meaningful return on investment and leave students with unaffordable loan debt. Some colleges spend more on marketing than teaching and funnel student and taxpayer dollars to third-party companies rather than instruction and student services. **Commonsense guardrails are needed to prevent federal financial aid dollars from flowing to programs that fail to provide graduates** with the earnings needed to repay their debt or prioritize profit over student success.

Ensure Harmed Students and Borrowers Can Access Relief

When students are lied to or taken advantage of by their school, or subjected to a disruptive school closure, federal policies such as borrower defense to repayment (loan relief for defrauded students) and closed school discharge (loan relief after a sudden school or program closure for affected students) offer vital pathways to relief. But the statutes for these policies need strengthening, and the OBBBA reverts the 2022 regulations to previous versions from 2019 that Congress rejected by bipartisan vote and which made it nearly impossible for struggling borrowers to access assistance, even when they attended schools that committed widespread misconduct.

We urge Congress to enshrine minimum requirements for program quality in statute, ensure justice for defrauded borrowers, and provide additional guardrails to protect students from emerging areas of misconduct.

Congressional Action

- **Strengthen accountability by passing the bicameral, bipartisan PROTECT Students Act** (S.994/H.R.2899), which would comprehensively safeguard the investments of students, families, and taxpayers in the American higher education system.

- **Require all programs to demonstrate that graduates can afford to repay the debt they take on to attend their programs** by meeting a minimum debt-to-earnings rate. We strongly support the "Do No Harm" earnings metrics included in the OBBBA, which were further enhanced by proposed Department regulations, but programs must be required to demonstrate that high-borrowing students can afford to repay their loans, not simply that they earn more than a high school graduate.

- **Provide a statutory structure to the borrower defense to repayment program** following the OBBBA's reversion to regulations enacted in 2019 that make it nearly impossible for defrauded borrowers to receive loan discharge. It should create a fair process for asserting claims of fraud by a school, mandatory timelines for the Department of Education to make a decision on those claims, and accountability for schools that defraud students and waste federal funds.

- **Set clear standards for a percentage of revenue that Title IV grant and loan eligible schools must spend on instructing students.**

- **Improve data collection, implementation tracking, and guardrails for the Workforce Pell Grant program** to ensure low-quality programs do not waste students' limited lifetime Pell Grant eligibility.

- **Revise the ban on incentive compensation** to clarify that it applies to online program management companies that provide "bundled" services along with recruiting and admissions.

- **Require automatic discharge of student loans for students attending a school during or reasonably close to the time it closes** if those students do not transfer to another institution.