

## **State Attorneys General**

### **A Communication from the Chief Legal Officers of the Following States:**

Arkansas \* Connecticut \* Illinois \* Iowa \* Kentucky \* Maine \* Maryland  
Mississippi \* Missouri \* Nevada \* New Mexico \* Oregon \* Pennsylvania \* Tennessee

September 9, 2014

#### **Via First-Class Mail**

The Honorable Richard J. Durbin  
United States Senator  
711 Hart Senate Building  
Washington, DC 20510

The Honorable Elijah E. Cummings  
United States House of Representatives  
2235 Rayburn House Building  
Washington DC 20515

**RE: S. 2204 – Proprietary Education Oversight Coordination Improvement Act**

Dear Senator Durbin and Representative Cummings:

We, the undersigned Attorneys General, write to offer our support for S. 2204 the “Proprietary Education Oversight Coordination Improvement Act,” sponsored by Senator Durbin. The bill is both timely and necessary as each of our offices have encountered far too many former and current for-profit school students who have been harmed by the dishonest and unethical practices of some for-profit institutions.

State Attorneys General across the country hear complaints from students who have attended for-profit schools. The students are drowning in debt because they have huge student loan liabilities and no job to show for those huge debts. Studies by the Senate HELP Committee documented that students from for-profit schools withdraw and default on their federal student

loans at higher rates than comparable students at not-for-profit and public institutions. For-profit schools tell consumers that their graduates get better jobs that pay better wages, but all too often the students are left in a financial position far worse than when they enrolled in the program with little to no hope of financial recovery. Overall student loan debt in the United States now exceeds \$1 trillion dollars. Federal taxpayers are left footing the bill for unrepaid debts as corporations and for-profit school executives line their pockets with the very same federal taxpayer dollars.

Consumers complain to us that some of the programs of study at for-profit colleges do not have qualified instructors and necessary equipment for their courses of study. They complain that employers refuse to hire graduates from the schools because the employers have learned from past experience that the graduates simply are not well-trained or well-prepared. State Attorneys General have investigated and filed suits against several for-profit colleges for a multitude of consumer protection violations, including providing false and inflated job placement rates to prospective students and selling consumers vocational programs that do not have the programmatic accreditation necessary to sit for a state licensure exam or the accreditation employers prefer.<sup>1</sup> Yet, these for-profit schools, many of whom have misled students and even offered worthless degrees, remained authorized to receive Title IV funds as programs that prepare students for gainful employment in a recognized occupation. The nationwide abuses by some for-profit colleges of Title IV funds are clear symptoms of a system that lacks appropriate oversight and real accountability.

The undersigned Attorneys General support the “Proprietary Education Oversight Coordination Improvement Act” as a vehicle for improving oversight and accountability for the for-profit higher education industry. Currently, at least nine different federal agencies have a hand in overseeing the for-profit school industry. This bill would require representatives from each of those agencies to coordinate efforts and publish a report about for-profit colleges, which would allow Title IV borrowers to make more informed decisions about the academic institution they may want to attend. This report would be of great value to the consumers in each of our states who are considering investing their time, money and our tax dollars to enroll in a for-profit

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<sup>1</sup> See e.g., *California v. Corinthian College*, Case No. BC374999, Consent Judgment entered July 31, 2007; *California v. Heald College, Corinthian College, Inc., et al.*, complaint filed October 10, 2013; *State of Colorado v. Alta Colleges d/b/a Westwood College, et al.*, Case No. 12 CV1600, Consent Judgment entered March 14, 2012; *State of Colorado v. Education Management Corp.*, Consent Judgment filed December 13, 2013; *State of New York v. Career Education Corp.*, Assurance of Discontinuance entered August 19, 2013; *Illinois v. Alta Colleges, Inc., et al.*, complaint filed January 18, 2012; *Commonwealth of Massachusetts v. Sullivan & Cogliano Training Centers*, complaint filed April 3, 2013; *Commonwealth of Massachusetts v. Corinthian Colleges, Inc. and Corinthian Schools, Inc.*, complaint filed April 3, 2014; *Commonwealth of Kentucky v. National College*, complaint filed September 27, 2011, *Commonwealth of Kentucky v. Sullivan University System d/b/a Spencerian College*, complaint filed January 16, 2013.

institution. The interagency committee will be able to develop and publish a more accurate and complete picture of each for-profit institution than consumers are currently receiving from the marketing departments of those same institutions. The interagency report would give students better information to make educated decisions about their academic futures.

The bill also charges the interagency committee with the responsibility of publishing a "For-Profit College Warning List" for parents and students, which would identify schools that have engaged in illegal activities or for which there is sufficient evidence of widespread or systemic abusive, unethical, fraudulent, and/or predatory recruiting or lending practices. Again, such a report would afford our consumers easy access to important information that could and should impact their decisions on how to invest their student aid and personal funds. If a school is not preparing students in an appropriate manner to enter the job market, prospective students have a right to know that information as they make a decision on whether or not to attend a specific for-profit institution. The threat of being placed on the "For-Profit College Warning List" creates an incentive for institutions to treat students fairly and alerts students to problematic actors in the for-profit sector.

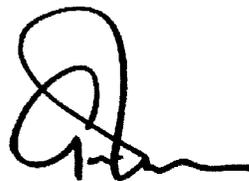
Accordingly, the undersigned Attorneys General voice our united support for the passage of this bill. This bill will provide the federal government with a mechanism by which to hold for-profit colleges more accountable for accepting billions of dollars in taxpayer money and will not conflict with, nor preempt the important work of the States in enforcing state law. Furthermore, this bill will help prevent Title IV funds from continuing to line the pockets of some for-profit colleges that offer deficient educations in a deceptive manner. It is our hope that this bill will be passed and through the requirement of agency coordination and reporting, prevent future abuses of the student loan system by those in the for-profit colleges that are more interested in profit than educating tomorrow's workforce.

We very much appreciate your time and your consideration. We hope our support is well received.

Sincerely,



Dustin McDaniel  
Arkansas Attorney General



George Jepsen  
Connecticut Attorney General



Lisa Madigan  
Illinois Attorney General



Tom Miller  
Iowa Attorney General



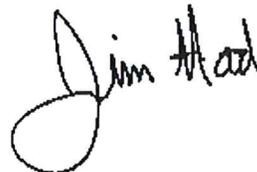
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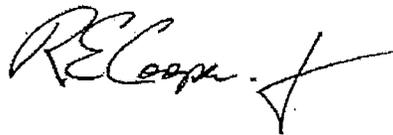
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