

BUSINESS

The New York Times

U.S. Crackdown on For-Profit Schools Is Said to Go Idle

By Patricia Cohen

May 12, 2017

The Education Department's sweeping crackdown on fraudulent practices at for-profit colleges has stalled under the Trump administration's appointees, several current and former department employees say.

Current and former employees, who requested anonymity for fear of retaliation, said tight restrictions have been put on staff members scrutinizing for-profit institutions, constraining their contact with other state and federal agencies without high-level approval — a contention a department spokesman denied.

Some state officials who had collaborated with the Education Department in bringing legal cases against for-profit schools say their joint work has ground to a halt. They also say they are troubled by an apparent slowdown in granting debt relief to students who were cheated.

“The department has become a black box since the Obama administration left the building,” said Maura Healey, the Massachusetts attorney general, whose office is one of dozens that have been involved in prominent cases against the for-profit sector.

The Education Department said Friday evening that Secretary Betsy DeVos “is committed to protecting students who have been defrauded by schools,” that it had not stopped approving loan relief and that a review of the program was being led by

senior career staff members.

During the Obama administration's second term, the department put both financial and regulatory muscle into the policing of a sector that was frequently criticized for deceiving vulnerable and poor students about the cost and benefits of signing up to get a degree.

Ms. DeVos has brought aboard officials who have worked in the for-profit college sector and have expressed skepticism about the Obama administration's aggressive regulation and enforcement. Supporters say that for-profit colleges provide a ladder for the most disadvantaged students and that any misdeeds represent a tiny fraction of the industry.

Advocates, state prosecutors and some members of Congress have expressed concern that Ms. DeVos will weaken regulations that were put into effect to curb abuses by for-profit colleges.

While some career training schools have delivered as promised, critics argue that tens of thousands of students were lured by misleading advertising and illegal recruiting practices to enroll in expensive programs that failed to deliver what they promised — while reeling in millions of dollars in federal aid.

Two large chains failed — Corinthian Colleges in 2015, and ITT Technical Institute in 2016 — leaving thousands of students in debt and with no degree. The federal government, as the largest provider of student loans, was left to rescue those who were cheated.

Investigators said collaboration among various federal and state offices was critical to efforts to root out fraud at the schools and provide relief to indebted students. Current and former employees say all such contact must now be approved at the

department's highest levels, even routine conversations and meetings — a vetting that was not required before the Trump team came aboard.



Maura Healey, the Massachusetts attorney general, has battled the for-profit sector in court. Steven Senne/Associated Press

An Education Department spokesman rejected that assertion, saying Friday evening that “we regularly consult and work with stakeholders outside the department.”

Nonetheless, current and former staff members say that shifts in tone and tactics in recent months have compromised enforcement and had a chilling effect among some of the career civil servants.

They have been unsettled by developments related to the department's Student Aid Enforcement Unit. The unit, established last year, was designed to move more

quickly on illegal activity after complaints from Congress, state prosecutors and federal auditors about significant oversight failures at for-profit schools dating to 2010.

Critics complained, for example, that before Corinthian collapsed, department officials did little to shut off the flow of federal money despite several warning signs about deceptive practices and financial instability. Assessments of what went wrong concluded that the existing compliance office within the department's federal student aid section was ill suited to handle the type of deceptive practices and misrepresentations that some for-profit colleges engaged in.

Yet the longtime chief of that compliance office is now in charge of the specialized enforcement unit after the former director, a seasoned enforcement attorney, left in March, according to the former and current employees. The change was first reported by Politico Pro.

Veterans Education Success, a nonprofit organization and an advocate for former members of the military who say they were misled by for-profit colleges, regularly met with the enforcement unit last year, said Carrie Wofford, the president. But this week, she said, her request for the department to meet with a legal service clinic from Yale Law School, which had researched veterans' complaints about deceptive recruiting practices, was declined.

"We were shocked the new Education Department didn't even want to hear about complaints from defrauded veterans," Ms. Wofford said.

Advocates also worry that loan discharges for students who say they were defrauded have hit roadblocks. On Jan. 19, the last full day of the Obama administration, the department released a list of 68,000 claims from borrowers. Although the department has declined to release an update of that list, state attorneys general and student advocates say they know of no completed discharges.

“We have not heard of anyone” having a loan discharged, said Pauline Abernathy, executive vice president of the Institute for College Access and Success, a nonpartisan research group, including “those who received notices prior to Jan. 20 saying their application was approved.”

Among those who have yet to hear, she said, are onetime students at the now-defunct American Career Institute, a for-profit school that in 2016 admitted violating Massachusetts state law. In January, before President Trump took office, Ms. Healey announced that the Education Department would automatically discharge all federal student loans for nearly 4,500 students previously enrolled at the institute.

Ms. Healey’s office said repeated phone calls in the past couple of months to the Education Department about the status of those students’ loans had not been returned, and that as of Friday, her office had not received written confirmation of any discharges.

“Since taking office, the Trump administration has done nothing but undermine the protections we’ve fought for,” said Ms. Healey, a Democrat. “During a national student debt crisis, they have turned their back on millions of struggling borrowers.”

Follow Patricia Cohen on Twitter: [@PatCohenNYT](https://twitter.com/PatCohenNYT)

A version of this article appears in print on May 13, 2017, on Page A15 of the New York edition with the headline: Crackdown on For-Profit Colleges Is Said to Go Idle Under Trump Team

[READ 36 COMMENTS](#)