March 13, 2019

The Honorable Toby Ann Stavisky, Chair
Senate Higher Education Committee
188 State Street, Legislative Office Building
Albany, NY 12247
cc: Members, Senate Higher Education Committee

Chairwoman Stavisky and Members of the Committee:

On behalf of The American Legion Department of New York I write in support of Article VII Budget Legislation (S.1506/A.2006), EPLA Part E, the For-Profit College Accountability Act. This bill would protect veterans’ hard-earned GI Bill benefits by forcing colleges to close the “90/10 loophole”.

Veterans and military service organizations nationwide are calling for the closure of the 90/10 loophole. By exploiting this loophole, for-profit colleges count GI Bill benefits as private funds, offsetting the 90 percent cap they otherwise face on their access to federal student aid—an accounting practice that nearly two dozen state attorneys general have said “violates the intent of the law.” As Holly Petraeus has written, the 90/10 loophole gives for-profit colleges “an incentive to see service members as nothing more than dollar signs in uniform, and to use aggressive marketing to draw them in.” In December, a US Department of Veterans Affairs internal audit highlighted for-profit schools’ deceptive advertising campaigns used to recruit veterans, and warned that the government will waste $2.3 billion over the next five years if changes are not made to reel in the abuse.

The impact on veterans is real: Thousands of veterans have filed complaints with the US Department of Veterans Affairs, including many from New York State.

“After graduating I proceeded to attempt to get a job and NO ONE would hire me or even give me a chance because I was from Wyotech. Even though I was 3rd in my class” - Chanz P., Fort Drum, NY

Taxpayers also suffer. According to the US Education Department, hundreds of for-profit schools are almost entirely dependent on federal revenue, and, if the 90/10 loophole were closed, they would be in violation of the federal cap. Taxpayers, in other words, are propping up otherwise failing schools.

For-profit colleges can change this practice by improving their education and appealing to employers, as DeVry demonstrated when it voluntarily closed the 90/10 loophole and reduced its overall reliance on federal student aid.

We support the For-Profit College Accountability Act, and we look forward to seeing it pass into law.

Sincerely,

James W. Casey
Department Adjutant

(Tel) 518-463-2245 (Fax) 518-427-3443 (E-Mail) info@nylegion.org (Website) www.nylegion.net

"FOR GOD AND COUNTRY"