



March 26, 2019

The Honorable Patrick O'Donnell, Chair  
 1020 N Street, Room 159  
 Sacramento, CA 95814  
 cc: Members, Assembly Committee on Education

Dear Chairman O'Donnell, Vice Chair Kiley, and Members of the Committee:

We write in support of bill AB 1343. This bill would protect veterans' hard-earned GI Bill benefits by forcing colleges to close the "[90/10 loophole](#)."<sup>1</sup>

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.”<sup>2</sup> 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.”<sup>3</sup> In December, a US Department of Veterans Affairs [internal audit](#) highlighted for-profit schools' deceptive advertising campaigns used to recruit

<sup>1</sup> <https://veteranseducationsuccess.org/90-10-loophole/>

<sup>2</sup> [https://www.iowaattorneygeneral.gov/media/cms/Schools\\_4\\_profit\\_924BF51B5599F.pdf](https://www.iowaattorneygeneral.gov/media/cms/Schools_4_profit_924BF51B5599F.pdf)

<sup>3</sup> <https://www.nytimes.com/2011/09/22/opinion/for-profit-colleges-vulnerable-gis.html?module=inline>

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.<sup>4</sup>

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

*“My wife and I were both told the only way we could finance our school was through student loans. Because financial aid wasn't enough. We accepted the loans and began school. We couldn't afford for both of us to go to school because we saw how much the loans were accumulating. We never would have been able to pay them back and we are still going to have trouble. I am a disabled medically retired veteran. I can't work so I may never be able to pay mine back.”<sup>5</sup>*

- Joseph P., Stockton, CA

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.<sup>6</sup> 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.<sup>7</sup>

We support AB 1343, and we look forward to seeing it pass into law.

Sincerely,

---

<sup>4</sup> <https://www.va.gov/oig/pubs/VAOIG-16-00862-179.pdf>

<sup>5</sup> Available at Veterans Education Success, 1250 H Street NW, Suite 700, Washington DC 20005 *see also* <https://veteranseducationsuccess.org/contact>

<sup>6</sup> <https://www.ed.gov/news/press-releases/new-analysis-finds-many-profits-skirt-federal-funding-limits>

<sup>7</sup> [https://www.washingtonpost.com/news/grade-point/wp/2016/09/20/devry-voluntarily-dials-back-revenue-from-federal-student-aid/?utm\\_term=.dd7b1e6e2c3c](https://www.washingtonpost.com/news/grade-point/wp/2016/09/20/devry-voluntarily-dials-back-revenue-from-federal-student-aid/?utm_term=.dd7b1e6e2c3c)




Air Force Sergeants Association



Patricia M. Murphy  
Air Force Women Officers  
Associated



Association of the U.S. Navy



Blue Star Families

Randy Reid  
U.S. Coast Guard Chief Petty Officers  
Association and Enlisted Association



High Ground Veterans Advocacy



Iraq and Afghanistan Veterans of America



Joyce Womack Rogers  
National Military Family Association



Kenneth Greenberg  
The Retired Enlisted Association



Non Commissioned Officers Assn.  
of the United States of America



John L. Ballantyne  
Senior Vice President and Chief Operating Officer  
Military Child Education Coalition



Student Veterans of America



Swords to Plowshares



Veterans Education Success



Veterans for Common Sense



Richard F. Neilman  
Vietnam Veterans of America