

Veterans and Military Organizations Express Shock at Manipulation of GI Bill to Offset
Federal Education Funding Cap;

90/10 Data Released Today by Education Department

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WASHINGTON, D.C. – Veterans and military organizations today expressed shock at the high number of colleges that are almost entirely dependent on federal funds, noting a Department of Education [report released today](#), and called on Congress to close the so-called 90/10 loophole, which some for-profit colleges manipulate to count GI Bill dollars and Defense Department college funding as private dollars to offset the cap on federal funds the colleges face.

According to an Education Department report released today, 191 colleges receive more than 90 percent of their revenue from federal student aid, GI Bill education benefits, and the Defense Department education programs. The full report includes detailed information about the amount and percentage of each for-profit institution's revenues from Title IV and non-Title IV sources.

Indeed, some for-profit colleges are so dependent on federal aid that 563 colleges would violate the limit on federal revenue, at a cost of \$12.6 Billion in taxpayer money, if the 90/10 loophole were closed and the cap were set at 85 percent. (Eighty five percent was the limit initially established in 1992 to weed out substandard schools, but subsequently watered down in 1998, and which is also the standard the Department of Veterans Affairs follows in its cap on the percent of veteran students a school can rely on).

The idea behind the [90/10 rule](#) was that taxpayers should not prop up low-quality schools. Schools offering a quality education at a competitive price should be able to attract private dollars from employers, scholarship providers, or students who are willing and able to pay the tuition. Senate Education Committee staff who [revised the 90/10](#) rule as part of the 1998 Higher Education Act Amendments, did not include GI Bill and Defense Department funds in the statute because there was no war at the time, no robust GI Bill, and because for-profit colleges were not then targeting military students, so today's problems were not then apparent.

The result of the 90/10 loophole is that many for-profit colleges target veteran and service members with aggressive and deceptive recruiting, in order to enroll as much GI Bill dollars and Defense Department dollars as possible. As one for-profit college campus president-turned-whistleblower informed veterans' organizations and federal officials last summer, "Our for-profit college recruiters will do anything and say anything to get the GI Bill."

Holly Petraeus, the Assistant Director for Service Member Affairs at the Consumer Financial Protection Bureau, said this 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.” For every dollar a for-profit college receives from the GI Bill or the Department of Defense, that college can get \$9 more from Education Department student funds. Nearly [two dozen state Attorneys General have called on Congress](#) to close the loophole and call the current practice of for-profit colleges an accounting gimmick that violates the clear intent of the Higher Education Act, if not the letter of the law.

Both the Senate and House introduced legislation during the 114th Congress ([S 1664, HR 3988](#)) that would include GI Bill and DOD educational benefits in the cap on federal revenue as well as legislation to close the loophole and set the cap at 85/15 ([S 2272, HR 4101](#)). The Administration also supports closing the loophole and restoring the cap to 85/15.

Veterans and military organizations gave the following comments about the data released today:

“Military members deserve to be treated with respect and dignity, and not exploited by educational institutions because of a loophole in federal law,” said Lt. Gen. Dana T. Atkins, USAF (Ret.), President of **Military Officers Association of America**.

“The 90/10 loophole started as a mere oversight by Senate staff in the 1990s, but it’s placed a dollar sign squarely on the backs of our American service members and veterans for far too long. It was unacceptable then, it’s unacceptable now and it needs to be closed once and for all,” said Matthew Boulay, executive director of the **Veterans’ Student Loan Relief Fund** and Iraq War veteran. “The loophole continues to incentivize predatory for-profit colleges to aggressively pursue taxpayer-funded G.I. Bill benefits, mislead veterans about every aspect of these fraudulent colleges - the true cost, the accreditation, the education, and graduates’ job prospects. Liberated from aggressive recruiting, veterans will be able to make an informed choice about where to spend their hard-earned GI Bill benefits.”

“When schools rely almost exclusively on public dollars and valuable GI Bill benefits that veterans have earned, something isn’t right,” said Will Hubbard, Vice President of Government Affairs at **Student Veterans of America**. “It’s time we took the target off veterans’ backs.”

“It’s time for colleges to put veterans and service members first. These men and women served their country and put our national defense first, and these institutions should be dedicated to ensuring that a quality education is the top priority for our men and women of the Armed Forces and Veterans,” said Michael Little, Director of Legislation and Government Relations, of the **Association of the US Navy**.

“Survivors and military family members should be treated with compassion and respect, and not targeted by salesmen for their military benefits,” said Kathy Moakler of **Tragedy Assistance Program for Survivors**.

“We need to provide all veterans, including those wounded in combat, with a high quality education benefit when they come home. Closing the 90/10 loophole is critical to accomplishing that goal,” said Aleks Morosky, National Legislative Director, **Military Order of the Purple Heart**.

“When service members return from serving their country, they should not be the target of any consumer fraud scams; especially not for their hard-earned GI Bill,” said Walter Ochinko, **Veterans Education Success** Policy Director. “Closing the 90/10 loophole will take the dollar sign off of the backs of our veterans and servicemembers, reducing the incentive for schools to use [aggressive recruiting tactics and misleading information](#) to encourage them to enroll.”

“Iraq and Afghanistan Veterans of America calls on both sides of the aisle in Congress to immediately close the 90/10 loophole,” said **Iraq and Afghanistan Veterans of America** Legislative Director Tom Porter. “Schools need to be held accountable for following the law. Veterans' education benefits are not a piggy bank to keep for-profit schools in business. We owe it to our veterans to ensure that their investment in these schools results in viable careers.”

“America’s enlisted men and women deserve better treatment than this,” said Michael Saunders, Deputy Legislative Director, **The Retired Enlisted Association**.

“Veterans should never be ripped off and defrauded out of their one shot at the GI Bill and its ticket to the American Dream,” said John Rowan, President of **Vietnam Veterans of America**.

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