



# VETERANS EDUCATION SUCCESS

August 7, 2019

To: Staff, Economic Opportunity Subcommittee, HVAC

From: Veterans Education Success (VES)

Subject: VES Analysis of the Impact of Closing the 90/10 Loophole

At a July 19, 2019, HVAC Economic Opportunity Subcommittee legislative hearing, the Department of Veterans Affairs (VA) expressed concern that closing the 90/10 loophole would displace 60,000 GI Bill beneficiaries enrolled at 133 for-profit schools. The hearing also identified several workarounds to avoid disrupting beneficiaries pursuit of a postsecondary education, including (1) giving VA waiver authority in specified circumstances; (2) cutting off new enrollment while continuing payments for beneficiaries currently enrolled; and (3) affording schools time to reduce their dependence on federal revenue, e.g., 1 year after exceeding the 90 percent threshold.

VA's estimates were based on a 2014 analysis by the Department of Education (ED) that examined for-profit school revenue from the Post-9/11 GI Bill for 2011-12.<sup>1</sup> VES analyzed more current data from a 2016 ED study, which shows that 192 for-profit schools would fail the 90/10 rule if Post-9/11 GI Bill and Tuition Assistance revenue were included in the calculations. We then identified those same schools in the GI Bill Comparison Tool database to estimate the number of beneficiaries who were enrolled in 2018, the most current, publicly available, enrollment data for individuals receiving education benefits. The Comparison Tool overstates the number of beneficiaries who would be affected if the loophole were closed and schools lost their eligibility to enroll veterans and eligible family members.<sup>2</sup>

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<sup>1</sup>It is unclear how VA developed the number of affected GI Bill beneficiaries because ED's 2014 analysis did not provide the number of Post-9/11 GI Bill beneficiaries enrolled at these schools.

<sup>2</sup>The Comparison Tool reports 12-month enrollment, which includes beneficiaries who dropped out or who graduated. It also reports beneficiary counts based on enrollment per institution and, as a result, counts transfer students multiple times.

Here is what we found.

- Of the 192 schools, only 112 would be affected by closing the 90/10 loophole because:
  - 63 institutions have closed since the 2013-14 academic year,
  - 10 institutions are no longer GI Bill eligible,<sup>3</sup> and
  - 7 institutions enrolled no beneficiaries in 2018.
- The majority of Post-9/11 beneficiaries enrolled at the 112 schools that would be affected by closing the 90/10 loophole attended just three schools in 2018. The University of Phoenix, Ashford University, and American Public University enrolled 82 percent (34,633) of the 42,464 Post-9/11 beneficiaries at the 112 schools during 2018 (see table 1).

**Table 1: Post-9/11 GI Bill 2018 Enrollment**

Institution	Post-9/11 GI Bill 2018 enrollment <sup>a</sup>	Percent of 2018 Post-9/11 enrollment at the 112 schools
American Public University	15,222	36
University of Phoenix	13,921	33
Ashford University	5,490	13
Subtotal	34,633	82
109 remaining schools	7,831	18
Total	42,464 <sup>b</sup>	100

**Source: VES analysis of GI Bill Comparison Tool data.**

Note: Because of rounding, percentages do not equal 100 percent.

<sup>a</sup>The Comparison Tool enrollment data overstates the number of veterans who would be affected by closing the 90/10 loophole because it includes beneficiaries who have dropped out or graduated.

- In 2018, 49,959 *GI Bill beneficiaries* were enrolled at the 112 schools, which includes 7,494 beneficiaries who were using one of the five other GI Bill programs available to eligible individuals, including the Montgomery GI Bill.<sup>4</sup>

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<sup>3</sup>We used two databases to confirm school closures (1) a [Chronicle of Higher Education](#) database that identified school closures from 2014-2018, and (2) a new GI Bill Comparison Tool list of “school closures” from August 1, 2017 through May 2, 2019. We used another VA [database](#) to confirm that 10 schools are no longer eligible to enroll beneficiaries.

<sup>4</sup>ED’s 2016 estimate of the number of schools that would have exceeded the 90/10 revenue cap if the loophole had been closed was based on the tuition and fees paid to schools by the Post-9/11 GI Bill—the only existing GI Bill program that pays tuition and fees directly to institutions. Five other GI Bill programs pay beneficiaries a lump sum, which can be used to cover tuition or other costs associated with attending school (e.g., living expenses, transportation, books). As a result, there is no way to estimate the portion of the benefit used to cover tuition and fees.