



POLICY MEMO FOR CANDIDATES

*Supporting Veterans & Military-Connected
Students in Higher Education*



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Election 2020

An Opportunity for Candidates and Policymakers to Support Military-Connected Students in Higher Education

The 2020 election is a unique opportunity for incumbent and new candidates running for public office to support the two million military-connected students in college today by offering substantive reform ideas and policies.

This memo is intended to showcase policy and legislative ideas that improve the higher education outcomes of veterans.

Now more than ever, ensuring the civilian economic success of America's veterans and military families is critical. With the current coronavirus crisis and weakened job market, more veterans will seek to use their GI Bill to improve their civilian workforce credentials. Given that the U.S. Department of Veterans Affairs (VA) estimates that nearly half the GI Bill has gone unused in the past decade, we could see a sharp increase in GI Bill usage.

The Problems and Challenges Facing Military-Connected Students

The GI Bill is not only America's thanks to the men and women who have willingly sacrificed to serve our country. It is also veterans' ticket to the American Dream, purposefully intended to provide veterans with the skills they need for a smooth transition to civilian economic success.

Higher Education is Key to Civilian Economic Success

Ensuring veterans attain higher education is critical to ensuring their economic success. People in the United States who do earn a postsecondary degree or credential [earn \\$1 million more](#) over the course of their lifetime than people with a high school diploma or less.

In addition, the job market is changing. As the United States emerged from the 2008 recession, the number of new jobs created that required a college degree dramatically dwarfed the number of jobs needing only a high school degree. In 1973, only 28% of jobs required postsecondary education and training. However, by 2020, that number will increase to [64%](#). College attainment also [improves people's lives](#): College graduates are healthier, less reliant on public assistance, earn more, pay more in taxes, and are more civically engaged.

In short, economic mobility is not possible without a higher degree.

Veterans are Winding up With Student Loans They Didn't Want

As we outline below, too many veterans are winding up with student loans they didn't want. In some cases, they're winding up with student loans after specifically telling their school financial aid officers that they adamantly did not want any loans. Given the generous Post-9/11 GI Bill, veterans should not need loans, so the fact that some schools are loading them up with debt is frustrating to veterans. Fortunately, there are simple solutions we outline below.

Some Colleges Leave Students Worse Off Than They Found Them

There's another problem: Not all colleges are created equal, as has been documented by economist Raj Chetty in his economic mobility [analysis](#) and by the US Senate Committee on Health, Education, Labor, and Pensions in its [discovery](#) that poor student outcomes are largely clustered at low-quality schools with predatory recruiting practices and unethical spending choices.

Some colleges leave students worse off than they find them: A small cluster of colleges leave students with debt and no diploma – and cause [half](#) of the nation's student loan defaults. The dilemma of people with some college, but no degree exacerbates income inequality. A college's spending choices are directly relevant to its student outcomes. The schools that spend very little on education (instead setting aside revenue to profit set-asides, marketing and recruiting, and executive compensation) are significantly [more likely](#) to have poor student outcomes.

Low-Quality Colleges Are Targeting the GI Bill

While the GI Bill is a tremendous success, it is also a generous pot of money that – just as [occurred](#) after WWII – has attracted low-quality, bad actor college chains that embrace aggressive and deceptive recruiting targeting veterans, servicemembers, and military-connected students.

Specifically, too many low-quality, bad actor colleges are soaking up too much of the GI Bill. The U.S. Department of Veterans Affairs released comprehensive data on Post-9/11 GI Bill tuition and fee payments to schools approved to enroll eligible beneficiaries for FY 2009 to FY 2017. [Eight](#) of the top 10 recipients of Post-9/11 tuition and fee payments were for-profit schools. These 8 schools accounted for 20 percent of such payments (\$34.7 billion) to all participating schools since 2009. Six of the top 10 schools were being investigated by, sued by, or had reached settlements with federal or state law enforcement agencies for actions such as misleading advertising and recruiting, and fraudulent loan programs.

Veterans and Servicemembers Are Targets of Aggressive and Deceptive Recruiting

Veterans and servicemembers are targeted by for-profit colleges, employing aggressive and deceptive advertising and recruiting. How aggressive? One staffer from VFW [tested](#) an online GI Bill website and “[w]ithin three to four days, I got in excess of 70 phone calls and I got well over 300 emails” from for-profit colleges.

Veterans have filed complaints with VA alleging they were lied to about key aspects of college – the actual tuition and how much the GI Bill will cover; the school's accreditation and students' ability to transfer credits to other schools; the quality of education; graduation and job placement rates; the jobs they're eligible for, and more. Veterans are tricked into attending fake nursing schools and fake law schools, from which they are not eligible to become licensed.

Government Leaders Can Fix These Problems

America can improve college attainment by improving quality and accountability. Student outcomes are directly connected to lack of quality controls in higher education. By requiring

minimum quality standards and proscriptive spending on education, America can improve college attainment with successful outcomes.

At both the state and federal level, current law and executive branch regulations can be improved, as we outline below.

Veterans organizations have banded together, submitting a [letter](#) to Congress from 3 dozen of the leading national veterans and military service organizations asking for better protections.

Principles You Could Stand For

- “When veterans succeed in higher education, America succeeds by harnessing the civilian potential of a **new generation of leaders.**”
- “Veterans deserve a **Return on Investment** for their hard-earned GI Bill.”
- “Veterans deserve to be **armed with the facts** to make an informed college choice”
- “Taxpayers expect the government not to ignore obvious signs of **waste, fraud, and abuse.** VA should not be funding fraud.”
- “Students should not show up to college to find the doors locked and the school shuttered. We owe veterans better than that.”
- “Veterans **earned their GI Bill through service and sacrifice.** They shouldn't be loaded up with loans they never asked for.”
- “It's immoral to leave totally and permanently **disabled veterans to fend for themselves** under enormous student loans”
- “No company should **profiteer off the GI Bill,** which is veterans’ hard-earned ticket to the American Dream.”
- “The GI Bill should **be spent on veterans’ education.** Full stop.”
- “Predatory recruiting and illegal loan schemes have no place in the **American Dream.**”

Solutions You Could Offer

I. Protect Veterans from Loans They Don’t Want

The Post-9/11 GI Bill covers full tuition at every public university in the country, and nearly \$25,000 each year at a private university. The VA’s Yellow Ribbon program provides additional funds for private tuition that is above the cap. The Post-9/11 GI Bill also includes a monthly housing allowance based on zip code and a books and stipend allowance. It is generous enough that veterans should not need loans.

Protect Military-Connected Students from Student Loans They Don’t Want

The Problem: Many GI Bill students report that loans were taken out in their names without their authorization or understanding. This can happen because colleges are trying to hide the fact that

their tuition is higher than the GI Bill will cover (an important difference given that, by statute, GI Bill students receive the in-state rate at all public colleges). It can also happen because colleges that face a cash-flow problem want the student to take out loans to bridge the time before the GI Bill arrives – although the students are rarely told. In the end, the veterans are left holding the bag, not realizing they have loans. While some loans are authorized by veterans, too many are not.

Similarly, many predatory schools use a process of quickly enrolling students to both maximize their recruiting numbers and mislead students so that they do not fully understand the cost and financing of their enrollment decision. This includes tactics such as not fully explaining the true cost of the schools, not fully explaining the financing process, having students sign their names on electronic devices not knowing they were registering for loans, or outright forgery. One veteran we worked with, Eric Luongo, [testified](#) to Congress last year he still has over \$100,000 in student debt from DeVry even though he was assured he could attend for free through funding from his GI Bill and Pell Grants.

A 2012 Senate Committee [investigation](#) found numerous examples of for-profit schools using techniques like “Creating Urgency” and falsely misleading students as to start dates to persuade the students to enroll immediately. One veteran, Travis Craig, whom our organization assisted, told House Veterans Affairs Committee Chairman Takano, in our [video](#): “*The admissions process was very rushed. We signed everything on electronic notepads so we didn’t know what we were signing. . . Me and other veterans out there, they took out loans in other people’s names as well.*” Travis is one of many veterans who told his school he didn’t want any loans, but wound up with lots of debt.

What You Can Do: As three dozen veterans organizations have [called](#) for, rename the “Master Promissory Note” to “Student Loan Agreement” so that students know what they are signing. Students don’t know what “Master Promissory Note” means. Also require entry/exit counseling for loans received through Title IV or the institution itself. Put an end to 10-year promissory notes (which authorize a school to take out loans in a student’s name for 10 years) and require institutions to renew loan authorization at least once a year. Also, stop schools from compelling students to sign their MPN to hold their “slot” in the school as a predatory recruiting practice.

Implement Loan Forgiveness for Totally Disabled Veterans

The Problem: Following pressure from veterans organizations, President Trump signed an [Executive Order](#) to automatically discharge all federal student loans for veterans who qualify for total and permanent disability (TPD) discharge. The TPD program was established to provide veterans who have been deemed individually unemployable or to have a 100% disabled designation by the VA with the discharge of their federal student loans. Veterans organizations had mounted pressure on the Administration to automatically honor disabled veterans’ legal rights, including six veterans groups writing ED in [2018](#) and 22 groups in [2020](#).

Our FOIA request in 2018 uncovered that the Department of Education had wrongly put into default [more than half](#) of the totally and permanently veterans who qualified for the discharge. These totally disabled veterans potentially faced very harmful collections actions such as

garnishments of disability payments and wages. Most recently, we [learned](#) that the Education Department had stalled on the automatic discharges following the President's announcement.

What You Can Do: Make sure that the TPD program is being implemented effectively by ED to actually bring relief to disabled veterans. Work with Congress as well as ED and VA to review which totally disabled veterans have had unwarranted collections actions brought against them and work to restore their disability payments, wages, and tax refunds that were wrongly taken from them.

Automate Servicemembers' Loan Rights

The Problem: Servicemembers' rights under the Servicemembers Civil Relief Act (SCRA) and the Higher Education Act (HEA) should be automated and the legal definitions fixed. Servicemembers need to focus on their mission. They do not have time worry about filing paperwork to ensure their rights are honored. SCRA was passed to restrict civil actions against active duty servicemembers. Its intent was to make sure that they are able to focus on defending the nation and includes protections related to mortgages, evictions, postponing foreclosures and civil judicial proceedings, and more. SCRA protections are currently automated, but that is on a discretionary basis and is not codified.

Similarly, under the Higher Education Act, servicemembers receiving hostile fire pay (HFP) or imminent danger pay (IDP) have a right to a stop on interest accrual on their federal loans. According to the U.S. Committee on Armed Services, servicemembers have paid over \$100 million in interest on these loans which they were not required to under the SCRA. This was most likely due to communication problems between the Department of Education, its loan servicers, Department of Defense, and Department of Veterans Affairs.

Last year the Department of Defense instituted a matching program with the Education Department that automated the already existing statutory right of servicemembers who are receiving Imminent Danger Pay or Hazardous Duty Pay to enjoy an interest rate of 0 on their federal student loans. Deployed servicemembers should not be put into default while they are down range, either – their loans should automatically be placed in military deferment, which currently does not happen. Another minor technical fix would be to simplify the definition of "eligible military service" in the Higher Education Act.

What You Can Do: Work with Congress to make sure that these technical fixes are implemented expeditiously so that servicemembers' rights are protected. Over three dozen veterans organizations [recommended](#) Congress do this last year.

Enforce the Military Lending Act

The Problem: Sweeping bipartisan majorities in Congress capped all loans to servicemembers at 36% in the Military Lending Act (MLA), but payday lenders continue to violate this cap. The MLA is considered to be one most effective consumer protection laws ever passed, and it is widely credited with a precipitous drop in servicemembers being discharged from service for financial concerns following its enactment.

The Consumer Financial Protection Bureau (CFPB) [stopped examining](#) for MLA compliance at financial institutions in 2018. [38](#) veterans organizations wrote Secretary Mattis and Acting Director Mulvaney at the time to express their support for enforcing the MLA. By not including the MLA on its check-list when the CFPB examines financial institutions, violations are now determined only after a servicemember has been negatively impacted, knows his rights were violated, and reports it. This is harmful to military readiness and national security, as servicemembers can lose their security clearances or be removed from the military for financial distress.

What You Can Do: Compliance examinations for MLA must be immediately resumed to prevent servicemembers from being hurt by predatory lending practices and to duly uphold the law which was passed specifically for this purpose.

Reduce the Loan Debt of Students Who Were Defrauded

The Problem: Too many veterans have been targets of fraud by bad actor colleges. Our legal team summarized the hundreds of student veteran allegations of deceptive and illegal behavior by [American InterContinental University](#), [Ashford University](#), [Colorado Technical University](#), [DeVry University](#), [ITT Technical University](#), [Kaplan](#), [Trident University](#), and [University of Phoenix](#).

The Education Department can help by forgiving student loans of defrauded students through the Borrower Defense [rule](#) and should not require each student to prove their case of fraud when significant law enforcement evidence exists, nor force students to prove a college's intent, as that is an unreasonable burden on students.

The Borrower Defense Rule allows students with federal student loans to have them discharged (forgiven) if the students were subject to deceptive or misleading conduct by colleges that violated certain state laws. Veterans organizations have [prioritized](#) protecting the Borrower Defense rule and have been calling for its protection in letters to the Education Department and Congress in [2017](#), [2018](#), and [2019](#). You can read [quotes](#) from some of the hundreds of veterans who have pending Borrower Defense applications.

The Department of Education promulgated a [rule](#) in 2016 that provides guidelines and a process to address these claims in a coherent and timely manner. As of March 2018, over [98%](#) of borrower defense claims involve deceptive practices at for-profit colleges.

The Department of Education promulgated a new borrower defense [rule](#) in 2019 which requires students to prove that the school made a substantial misrepresentation either intentionally or with reckless disregard for the truth instead of previously having to show substantial misrepresentation. Additionally, the student must then show they suffered financial harm that was not a result of an economic downturn. This is an impossible burden on students and is not how consumer protection laws normally function.

According to ED's own estimates, the new rule forecloses all but 3% of defrauded students' claims due to an overly onerous burden of proof in addition to other troublesome provisions.

The issue is also in the courts. Prior to enacting a new rule, ED delayed implementation of the 2016 rule, which a court [ruled](#) was illegal; a court [enjoined](#) ED from using a partial relief formula for defrauded Corinthian College borrowers; and ED [violated](#) a court order by collecting debts from Corinthian students, which resulted in Secretary DeVos being held in contempt of court.

As of September 2019, there were around 230,000 borrower defense claims outstanding that ED has not moved on in over a year. This delay was [challenged](#) in court and a [settlement](#) was recently reached in which ED agreed to finally start processing the pending borrower defense claims of nearly 170,000 student borrowers. In addition to ED implementing a fair and orderly process for defrauded borrowers, VA should similarly reinstate benefits for defrauded veterans.

What You Can Do: Dutifully enforce students' existing rights and promulgate a new borrower defense rule reversing the harmful provisions of the 2019 rule so that defrauded students have a fair process to have their loans discharged moving forward.

Protect the Public Service Loan Forgiveness Program

The Problem: The Public Service Loan Forgiveness program (PSLF) is an essential tool benefiting veterans, military families, and survivors. It forgives the federal student loans of people who have worked for 10 years in qualifying public service jobs. Veterans organizations [wrote](#) Congress in 2017 urging it to preserve the program. In 2018, both the [Department of Defense](#) and the [Navy](#) came out in support of the program when legislation was introduced that would have gutted the program. Both DoD and the Navy emphasized the importance of PSLF in military recruiting and retention purposes. The bill was ultimately stopped thanks to widespread [opposition](#) from military and veterans organizations.

There have been numerous problems with the implementation of PSLF by ED and its loan servicers. Recently, ED [released](#) data showing many borrowers who applied for PSLF were denied, many of them ineligible. The program has also been poorly [managed](#), guidance inadequate, and there have been technical issues as well. We have had victories in the courts, with [amicus briefs](#) to oppose loan servicers' active misrepresentations to students about PSLF.

What You Can Do: Work with ED, its loan servicers, and Congress to ensure that these problems are addressed and that PSLF works as intended so that borrowers dedicating their careers to public service are not unnecessarily harmed.

II. Ensure Quality Education is Delivered to Veterans

Veterans earn their GI Bill through service and sacrifice. They deserve and expect quality education. Indeed, they rely on the VA's approval of a school for GI Bill benefits to mean the school is worthy of their GI Bill. VA in turn relies on the Education Department and state

approving agencies to decide which schools are qualified to be paid the GI Bill. But too many bad actors and low-quality schools are slipping through into the GI Bill program.

Improve and Clarify College Oversight by VA and State Approving Agencies

The Problem: The VA and State Approving Agencies (SAAs) work in tandem to oversee education benefits under Title 38. Federal statutes give both VA and the states approval and disapproval authority over programs, but there is confusion and disagreement over their roles. SAAs operate under contracts with the VA, which gives VA oversight authority over SAAs. Due to ambiguous statutory changes in 2011 and 2016, there is confusion as to the relationship and approval/disapproval authorities between VA and SAAs. We examined this relationship in our [report](#) and found a major source of tension is the disapproval authority of SAAs as compared to VA's broad disapproval authority. VA has previously disagreed with individual SAAs' decisions to disapprove programs. The VA Inspector General [disagreed](#) that SAAs are primarily responsible for approvals and asserted VA also has disapproval authority. Several implementing regulations, such as designations and licensure and certification, are also inconsistent with the statute.

A second problem is that SAAs spend the majority of their time conducting payment audits of institutions in their states that have been approved to enroll GI Bill beneficiaries. SAAs' focus on payment accuracy has hurt their ability to enforce and monitor compliance with other statutory requirements thereby leaving student veterans potentially vulnerable to predatory actors. These compliance reports are very time intensive and leave little room for risk-based reviews needed to identify predatory behavior. As found by both a Government Accountability Office [report](#) and VA Inspector General [report](#), the most common oversight shortcoming has been the failure to identify deceptive and misleading advertising to encourage individuals to enroll. Funding shortages for SAAs are another contributing factor, as many states don't have the resources to properly undertake the reviews. For more information, see our [report](#).

What You Can Do:

- Work with Congress to clarify the approval and disapproval authorities in statute.
- Prioritize risk-based reviews from SAAs instead of compliance surveys which take up a large portion of SAAs time and resources.
- Ensure VA and SAAs have the proper resources and funding to fulfil their statutory duties.

Require VA and States to Act on Early Warning Signs at Troubled Colleges

The Problem: VA and most states ignore early warning signs that a college poses a risk to GI Bill beneficiaries and taxpayers. Some of these early warning signs may indicate that a school is at risk of closing down. In our [report](#), we provided case studies of such risk factors, some that were obvious prior to a school's sudden closure. In most cases, VA and SAAs did not take proactive measures to protect GI Bill beneficiaries. Some of the early indicators that a school is on the verge of closure include: federal and state law enforcement investigations and settlements; federal agency actions; and actions by accreditors and other state regulators. We documented

these early warning signs in our 2018 case study, “[Could Education Corporation of America’s Sudden Closure Have Been Avoided?](#)” and in our 2016 case study, “[The ITT Collapse: Lessons Learned and Dealing with Future Challenges.](#)”

Recently shuttered schools exhibited a myriad of warning signs. For example, Corinthian College was subject to the following actions before it closed down in 2015: investigations by 22 state Attorneys General; actions prohibiting new enrollment and withdrawing GI Bill approval by California and Virginia SAAs in 2014; and investigations or lawsuits by the CFPB, Justice Department, SEC, and Department of Education. This litany of warning signs should have alerted VA to the risk of Corinthian’s closure, yet GI Bill beneficiaries remained enrolled up to its shut down.

Many factors contribute to VA’s failure to protect GI Bill beneficiaries and taxpayers, including the ambiguities in disapproval authorities discussed below and differing VA and SAA understandings of their ability to act on early warning signs. The consequence of not acting means that GI Bill beneficiaries attending these colleges are left holding the bag when the schools close. They face daunting monetary costs, including the loss of living expenses to pay for housing and childcare, as well as the loss of their hard-earned GI Bill. Often their credits will not be accepted for transfer at other schools. Additionally, students may encounter psychological costs from having wasted time and energy if their school closed, forcing them to start over again or transfer to a different school.

What You Can Do:

- At the federal level, you can work with Congress and VA to improve VA and SAA risk-based reviews of college programs. Require VA and SAAs to heed a [list of early warning signs](#) and take action based on accreditors, federal and state law enforcement, and state regulators. SAAs can be required to conduct risk-based program reviews on schools who activate certain triggers such as being placed on heightened cash monitoring by ED. Further, SAAs could be authorized to suspend enrollment for more than 60 days without triggering a recession of the school’s eligibility for GI Bill benefits.
- At the state level, state higher education authorization agencies and state veterans affairs agencies can work to implement careful review when triggered by [early warning signs](#).

When Schools Do Close, Ensure Orderly Closure

If early warning signs are missed and a school does close, students often find out by showing up for classes only to find the building locked. Large school chains that have shut down without advance warning to students in recent years include the Art Institute, ITT Technical Institute, Corinthian Colleges, and Argosy University; and in most of these cases, students were left in the lurch, having paid for or taken out loans to pay for something they only partially received and left to figure out if transfer options even exist. When Argosy University closed its doors, students were left in financial ruin—including many veterans—while the company made sure to spend its last available dollars on corporate and executive bailouts.

In contrast to for-profit college chains, public or nonprofit closures are usually more orderly. Frequently, the decision to close is made in a deliberate manner that begins well in advance. The

process takes into account everyone potentially affected, alternatives to closure, and alternatives for students in the event that a closure is necessary. Moreover, the process and decision-making is usually transparent, taking place in public forums, because these schools are governed by publicly accountable boards. In these cases, students know well in advance of an impending closure and are given time to make the next best move, and the school itself stops enrolling new students. In contrast, for-profit closures often take students by surprise, even though owners and investors often cash out before locking the doors.

What You Can Do:

Both federal and state government can protect students from abrupt closures by requiring schools to close in ways that minimize the harm for everyone involved. At a minimum, the following should be guaranteed:

- Students should be given notice before new semesters or terms begin.
- Students should be given suitable transfer options.
- Students should have free and easy access to academic transcripts.
- Students should not be required to pay back any money owed directly to a school that suddenly closes.
- Students should be refunded money paid to a school that abruptly closes.

A [new law](#) in Maryland provides a useful model: It would protect students in the event of future catastrophic closures like those experienced by Corinthian College and ITT Tech students. Close to 3,000 Maryland students were affected by these two schools' closures alone, and low-income and veteran students were disproportionately affected. The new Maryland law will intervene in future closures by canceling debts owed by students, refunding tuition paid, ensuring that students have transfer options and access to their academic records, and holding school owners responsible for what happens in the event their school goes out of business. The Maryland law applies to all colleges in the state, because abrupt closures can also happen in the nonprofit and public sectors.

Improve College Oversight

The Problem: Students expect accreditation to mean quality, but the accreditation system is too lax. The current oversight conducted by the Department of Education [fails](#) to effectively monitor accreditors to make sure they are meeting the required standards. There have been recent examples of accreditors' continuing to operate and approve manifestly underperforming and predatory schools.

[ACICS](#) is the most glaring example. It was recently resurrected by Education Secretary Betsy DeVos to continue operations after previously being shut down by career staff at the Education Department for failing to meet the basic minimal requirements of an accreditor. ACICS had approved ITT Tech and Corinthian Colleges for operation despite ample evidence of poor outcomes and federal and state investigations before both shuttered. In our [report](#), "Student Outcomes at Colleges Approved by the Accreditor ACICS," we [found](#) that seventy percent of students at ACICS-approved colleges earn no more than a high school graduate, and ACICS students were twice as likely as other students to have unmanageable debt. Another [report](#) by the

Center for American Progress found that 85 ACICS-approved colleges were unable to secure accreditation by any other accreditor. Most recently, one of ACICS' schools was [discovered](#) to be a complete fake, with no teachers, no students, and no classrooms.

Recently, the Education Department [rolled back](#) protections on accreditation and state authorization of colleges. The new rules removed key language regarding states' ability to enforce laws meant to protect students enrolled in online colleges as well as removed complaint procedures. Accreditors' ability to conduct oversight was weakened by allowing colleges to operate out of compliance with accreditation standards for an extended period of time. The rules also made it easier for accreditors to be approved by the Education Department, thereby allowing potentially unqualified accreditors to oversee colleges.

What You Can Do:

Call for accreditors to enforce minimum outcome measures, maintain adequate oversight of accreditors to ensure they are complying with their federal mandates, and rollback the recent accreditation rules. As we wrote in our advice to accreditors [memo](#), accreditors should move away from a desk-audit model to a real-audit model; focus their attention on colleges that show signs of risk; interview current and previous students to review potentially deceptive recruiting tactics; and [more](#). Facilitating accreditors to better improve oversight of all colleges would do a great deal to improve student veteran outcomes.

State higher education authorization agencies should also increase the minimum standards they require of colleges, as Maine did in its [new law](#).

Raise the Floor on Quality

The Problem: Why do low-quality colleges continue to receive approval for federal student aid and GI Bill?

The current quality standards for allowing schools to access GI Bill and federal student aid need to be enhanced to prevent low-quality schools from costing taxpayers millions while not providing any value to students. Federal student aid and the GI Bill often pay for programs that advertise as preparing students for specific careers like [nursing](#), yet once the students graduate they find they don't have the qualifications or training necessary to become licensed in their state.

In our [report](#), "The GI Bill Pays for Degrees That Do Not Lead to a Job," we found that 20% of 300 GI Bill-approved degree programs we examined lacked the appropriate accreditation and, as a result, graduates were unable to obtain the state licensure or professional certifications needed to land a job. These low-quality programs covered a wide range of fields: clinical psychology programs that were not APA-accredited, law programs that were not ABA-accredited, and much more. This report led to passage of the 2016 "[Career Ready Student Veterans Act](#)" (section 409 of P.L. 114-315) VA adherence to this law has been inadequate. In our 2018 follow-up [report](#), "Despite a 2016 Statute, the GI Bill Still Pays for Degrees That Do Not Lead to a Job," we found that about half of the problematic programs identified in the 2015 report were still enrolling GI Bill students even though they did not qualify graduates for state licensure or certification.

On a broader scale, students who attended a for-profit college in 2016 [accounted](#) for only 9% of total students but 33% of student loan defaults. Students defaulting on their loans shows that they are not receiving quality educations preparing them for meaningful employment. Additionally, our research team documented that at [trade schools](#) certificate programs that enroll GI Bill beneficiaries, less than half of students earned more than a high school graduate 10 years after enrolling.

Recent rollbacks of Department of Education rules such as the Gainful Employment Rule have left students more susceptible to attending low-quality programs. [28](#) veterans groups wrote to Secretary DeVos to urge her not to weaken regulations that would allow low-quality colleges to defraud veterans, but the Trump Administration rescinded the [Gainful Employment](#) rule. The rule was promulgated in 2014 to ensure that career education programs – programs that do not lead to a degree but train students specifically for a trade or field – actually fulfill their promise of placing students in jobs in their field. The [two-part rule](#) required both accountability and transparency. [The rule](#) measured graduates’ debt compared to their income. Programs were given several years to come into compliance with the rule if their graduates had too high of a debt-to-income ratio. Additionally, the rule required schools to provide publicly available information about graduates’ earnings, debt, and job outcome data. It applied to all colleges (public, nonprofit, for-profit) that offer career education programs. According to the *New York Times* Upshot [column](#), “data released . . . shows that the existing rules have proved more effective at shutting down bad college programs than even the most optimistic backers could have hoped.”

The Trump Administration repealed the Gainful Employment Rule in 2019 after attempting to delay the implementation of the 2014 Rule, which was struck down in [October 2018](#). The [new rule](#) gets rid of the central parts of the 2014 rule (as there are now no eligibility limitations based on graduates’ debt or earnings level) and lessens the disclosure and reporting requirements under this new framework. As we [wrote](#) to ED in 2018, this new rule will allow programs that previously would have closed (due to not providing students with viable careers) to remain open as well as cost taxpayers billions of dollars in federal aid to these schools.

What You Can Do:

- Promulgate a new Gainful Employment Rule to ensure career education programs are actually providing students with meaningful employment opportunities and not leaving students worse off than if they attended the program.
- Require minimum quality standards of colleges that seek taxpayer funding and veterans’ hard-earned GI Bill. A college fails if most students cannot pay at least \$1 of their debt. Call for legislation that, at the very minimum, requires schools to have higher graduation rates than student loan default rates.
- At the least, graduates should be eligible for a promised job. The Defense Department statute ([10 USC 2006a](#)) and similar “Career Ready Student Veterans Act” at VA ([38 USC 3676\(c\)](#)) should also be required of the Education Department, to ban funding to programs unless graduates are eligible for the promised job.

Spend Education Funds on Education

The Problem: Taxpayers and students expect schools to use federal student aid to educate students. However, some colleges receiving significant GI Bill funds spend less than 20% of a veteran's tuition on their education. For example, our [report](#), "Should Colleges Spend the GI Bill on Veterans' Education or Late Night TV Ads?," found that, among the 10 schools receiving the most GI Bill funds over the past decade, the top three spent less than 20% of gross tuition and fees on instruction and seven of the ten schools spent less than one-third on instruction.

Billions of taxpayer dollars flow to schools that spend very little on instruction. As our report found, the worst schools spend less than 10% of the tuition they collect on the student's education. Unsurprisingly, these schools – Colorado Technical University, American InterContinental University, Capella University, and ABCO Technology - provide students with poor outcomes and actually leave the students worse off than they found them. Of the VA-approved schools that spend less than 10% on education, only 51% of their students earn more than a high school graduate while only 26% of students who enrolled in these institutions left with a credential. Conversely, we found that proprietary schools that spent more on instruction had at least 50% of students graduating and earning more than a high school graduate.

Further, we found 107 institutions allocated less than 20% of tuition revenue towards instructional expenses. These schools allocated \$562 million for non-instructional expenses. When regulators are examining schools with poor outcomes, instructional spending can be a helpful measure to discern which of these schools are making good-faith efforts to educate their students versus schools that are spending large amounts of money on executive compensation and other areas. Third Way released a [report](#) on this, stating agencies could use a "resource test" to make sure penalties are applied equitably to schools that choose not to improve students' educational outcomes and fail to invest in instruction.

State leaders can also step up. Maine [enacted a law](#) that requires the state higher education regulator to take school priorities into account. College spending on instruction, along with the graduation rates and student loan and employment statuses of graduates, will be used to inform students and to aid state regulators in determining whether schools are meeting educational standards. While other rules are to be determined by the state's higher education commission, the law stipulates that 50 percent of a school's total spending must be on instruction.

What You Can Do: Colleges should not be allowed to charge veterans (and taxpayers who fund the GI Bill) a tuition that is more than double what the college spends on the veteran's education. Currently, some schools are skimming an 80% profit off the backs of veterans. By analogy, in [health care](#), no more than 20% of patient premiums can be spent on costs other than patient care and quality improvement. Look up your school [here](#).

State leaders can follow [Maine's lead](#) in implementing new requirements of colleges to spend tuition funds on the students.

Require “Skin in the Game” by Colleges

The Problem: Schools should have “skin in the game” by owning a percentage of student loan defaults over some threshold. A college fails taxpayers and students if it consistently produces students who earn less than high school graduates. Please note: While risk-sharing is an indicator of quality, it is a lagging indicator and should not substitute for front-end gatekeeping, such as improved quality standards.

ITT Tech and Corinthian Colleges had very poor outcome metrics for students long before they [both closed](#) due to bad behavior. Even with years of poor outcomes and students unable to pay down their debt – in addition to many federal and state investigations and lawsuits – these schools still operated for years without the proper oversight actions taken. If a risk-sharing program had been in place, some of the harm these institutions caused could have been mitigated.

According to a [2017](#) report, there are currently too few real consequences for schools that fail to graduate the majority of their students and leave students with unmanageable debt. An outcome-based [metric](#) based on student debt could be used to determine potential risks and sanctions to schools. Colleges that continually provide poor outcomes should own a portion of debt and defaults.

What You Can Do:

- Require colleges to own a portion of the student loan debt and defaults they produce if they produce more than a reasonable threshold. Establish a system that rewards high-performing schools, implements risk-reduction plans for at-risk schools, and risk-sharing payments. More [here](#). Ultimately, if a school is unable to improve its outcomes, it should be sanctioned with loss of Title IV and VA educational benefits.
- Second, at a minimum, VA should be granted the same “letter of credit” authority that ED has to require risky schools to secure private financing to cover VA’s costs in the event of closure – as we documented in our [report](#).
- Third, apprenticeships and career programs should operate under “pay for performance,” as required by the Department of Veterans Affairs High Technology Pilot [Program](#) authorized in the *Forever GI Bill* (sec. 116 of P.L. 115-48). The pilot holds back half of the tuition until the student secures a job in the field of study.

Provide Greater Oversight of Nonprofit Conversions

The Problem: There is an alarming trend of proprietary institutions’ [converting](#) to nonprofit status yet maintaining the same profit structures and failure to invest in student learning. The Century Foundation issued a [report](#) showing many for-profit colleges are converting to nonprofit status in order to evade regulatory oversight while continuing to receive the financial benefits of operating, under the radar, as a for-profit. Such “covert for-profit” schools fail to meet the nonprofit and public standard of an independent board of trustees. Instead, these schools typically have profit-seeking executives who financially benefit from school decisions. Conflicts of interest arise when profit-seeking third-parties are intimately involved in the operations of the college or enter contracts whose terms are so one-sided as to ostensibly be a for-profit structure.

Such “covert for-profit” schools also typically fail to meet the nonprofit and public standard of devoting all revenue to the educational mission, instead maintaining their for-profit executive compensation and unethical spending choices.

The IRS, decimated by staffing cuts, tends to rubber-stamp for-profit to nonprofit conversions, even when there are close relationships between the holding company and the nonprofit entity. Recently, there have been [numerous examples](#) of troubling conversions from for-profit to nonprofit status that demonstrates that greater oversight is necessary. One recent convert, [Grand Canyon University](#), was approved as nonprofit by the IRS, but the Education Department properly ruled that it will continue to treat the school as a for-profit entity due to its structure.

What You Can Do:

- Stricter oversight by the IRS and Education Department will help, to prevent “covert for-profit” universities from proliferating. Using their monitoring and enforcement authorities in both divisions could go a long way to addressing the issue.
- You can also call on the U.S. Federal Trade Commission to investigate covert for-profit schools that engage in deceptive advertising because Commission precedent allows it to “pierce the veil” of nonprofits that operate as for-profits, as we detailed in our [legal memo](#).
- State leaders can also step in to fill the gap, as Maryland recently did with its [new law](#) requiring the state’s higher education commission to create a process for schools to report information they collect for their 990s, allowing the commission to make annual determinations to ensure that nonprofits are not generating income for private individuals. California entertained similar [legislation](#).

III. Stop the Deceptive Recruiting That Harms Veterans

Veterans are targeted by bad actor colleges because of their generous GI Bill. Here are a few quotes from student veterans demonstrating the extent of the deceptions they are often subject to:

- *“I was recruited by ITT tech for a degree in IT. After almost a year I learned that none of my credits would transfer to other schools and that a few places I asked about getting a job with told me that ITT was not an accredited school. After that I left the school and started attending ivy tech in Indiana. Now I have about 6k in student loans for credits that are worthless. I am a disabled vet.”- RS, attended ITT Tech*
- *“I was recruited for pharmacy tech and never told that my credits couldn't transfer. Then I was harassed when I had to move to be closer to my parents' due to their health issues. Now they are saying I owe student loans totaling 16K when I used my GI Bill to pay for schooling.”-MM, attended Brown Mackie University*
- *“I was told that cost of program would be covered but it wasn't....[school] represented that credits would transfer to other schools and they did not....This is a school that's just worried about money and not the students.” – JR, attended Colorado Tech University*

It's Illegal

Whistleblowers continue to step forward, [explaining](#) how, as recruiters for for-profit colleges, they are pressured to dramatically oversell the colleges with blatant lies, and how they are pressed to deceive veterans and service members by posing as “Pentagon Advisors” to gain access to “the military gravy train.”

Law enforcement is cracking down. Deceptive college recruiting is illegal. Federal and state law enforcement has cracked down in recent years on fraud by college chains. We documented dozens of law enforcement actions in our [summary](#). For example:

- Bipartisan attorneys general representing 48 states and the District of Columbia banded together in 2019 to recoup \$500 million for students who were defrauded by Career Education Corporation, the owner of a handful of schools.
- The US Federal Trade Commission in 2019 [shut down](#) pernicious websites that promised to be where patriotic Americans could sign up to join the Armed Forces, but instead, they diverted them to for-profit colleges.

Taxpayers are also harmed

Following WWII, the federal government [studied](#) the return on investment for taxpayers from the original GI Bill and found that, for every \$1 spent on the GI Bill, \$7 was returned back into the economy. Today, taxpayers pay twice as much to send a veteran to a for-profit college as to a public college or university, the [U.S. Senate found](#). Taxpayers are funding unaccredited Caribbean medical schools, unaccredited law schools whose graduates cannot take the bar exam, unaccredited medical programs in sonography, radiology, pharmacy, and more.

Close the 90/10 Loophole

The Problem: Why are veterans targeted with aggressive and deceptive recruiting by bad actor colleges? Because of a loophole in federal law that for-profit colleges manipulate to use GI Bill dollars & Defense Department Tuition Assistance to offset a cap on federal student aid the schools otherwise face. The 90/10 Rule was enacted by Congress as a market viability test to protect taxpayers from artificially propping up a failing college of such low quality that no employer or private-paying student is willing to pay for it. As the US Supreme Court [explained about the rule’s precursor](#), it is “a device intended by Congress to allow the free market mechanism to operate and weed out those institutions [which] could survive only by the heavy influx of Federal payments.”

Unfortunately, when the rule was originally written, VA and DoD funds were excluded from the definition of federal funds, thereby providing an incentive for schools to target servicemembers and veterans. There are numerous examples of colleges’ using this loophole to prop themselves up when they would otherwise have shut down due to providing low-quality education. It also incentivizes unscrupulous schools to use predatory tactics to receive this 10% of funds they otherwise would not be able to obtain.

As Holly Petraeus, wife of Gen. David Petraeus and former head of service member affairs at the US Consumer Financial Protection Bureau, [wrote](#) in the *New York Times*:

“Put simply, the rule says that a for-profit college must obtain at least 10 percent of its revenue from a source other than Title IV education funds, the primary source of federal student aid. Funds from Tuition Assistance and the G.I. Bill are not defined as Title IV funds, so they count toward the 10 percent requirement, just like private sources of financing.

Therein lies a problem. For every service member or veteran (or spouse or child, in the case of the post-9/11 G.I. Bill) enrolled at a for-profit college and paying with military education funds, that college can enroll nine others who are using nothing but Title IV money.

*This 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 and take out private loans, which students often need because the federal grants are insufficient to cover the full cost of tuition and related expenses.”*

Contrary to Congress’ [intent](#), most for-profit colleges count GI Bill dollars and DoD student aid as “private dollars.” By violating the intent of the law, for-profit colleges also avoid the market viability test inherent which is the law’s purpose, as 2 dozen state government leaders wrote in a [letter](#) to Congress.

Closing the loophole would not be onerous on business, as for-profit DeVry University demonstrated in 2016 when it voluntarily [closed](#) the 90/10 loophole to honor veterans.

State government can also step in to fill the void. Maryland recently [enacted](#) a new law that would force schools to close the 90/10 loophole in order to remain eligible to enroll Maryland students. We hope other states will follow suit.

Closing the loophole also would create parity for military-connected students using their education benefits with those students using Title IV funds. Protecting some federal funds (Title IV) from low performing schools and not others (VA and DoD) is inconsistent and unfair.

In our 2017 [report](#), we documented the growing reliance of for-profit schools on veterans and servicemembers, suggesting that the sector’s targeting of veterans and servicemembers has helped to soften the impact of overall enrollment decreases in the for-profit sector. This increased targeting of veterans and servicemembers highlights the importance of closing the 90/10 loophole in federal law in order to protect student veterans, servicemembers, and taxpayers from predatory schools. We also found that ED’s methodology for analyzing 90/10 compliance underestimated for-profit companies’ reliance on VA and DoD educational revenue streams. ED excluded several VA and DoD programs from its analysis such as GI Bill programs that pay all benefits directly to students who are then responsible for paying tuition charges the school. Separately, we documented in another [report](#) that large for-profit schools remain dependent on recruiting GI Bill students despite overall enrollment declines.

What You Can Do: As [37](#) of the leading national veterans and military service organizations recently wrote Congress, “a top priority for military and veteran service organizations is finally

closing the unintended 90/10 loophole.” At the federal level, you can support legislation such as [this](#) bipartisan Senate bill to close the 90/10 loophole. Learn more [here](#).

At the state level, you can follow the path of [Maryland](#) and [Oregon](#) in introducing legislation to require schools to close the loophole in order to maintain state higher education authorization.

Stop Funding Fraud

The Problem: Veterans express anger when they discover VA knew a program was under law enforcement action for defrauding students but allowed veterans to waste their time and GI Bill benefits enrolled in it. VA is required under [38 USC 3696](#) to disapprove any course offered by an institution utilizing erroneous, deceptive, or misleading advertising, sales, or enrollment practices. As we documented in our [report](#), until very recently, VA had not utilized its authority under this statute, causing harm to student veterans who were subject to deceptive enrollment practices. Yale Law School also [documented](#) VA’s failure to adhere to the law.

Sec. 3696 provides: “The Secretary shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an institution which utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation.” Schools are required to maintain records of all advertising, sales, and enrollment materials utilized in the preceding 12 months and State Approving Agencies (SAAs) shall be able to inspect these materials. VA may also refer cases to the Federal Trade Commission (FTC) for investigation.

SAAs and veterans organizations have alerted VA to potential violations over the years. Earlier this year, VA finally brought [action](#) against University of Phoenix (UOP), Career Education Corporation (CEC), and other schools for violations of 3696, putting the schools on notice that they will be suspended from new GI Bill enrollments unless they take “corrective action.” These actions were based on recent law enforcement actions that were brought to VA’s attention. UOP recently [settled](#) with the FTC for \$191 million dollars for false and deceptive advertising. Similarly, CEC [settled](#) with 49 state Attorneys General for nearly \$500 million for deceptive and misleading recruitment practices, and the FTC [settled](#) with CEC for \$30 million for using deceptive lead generators. These actions are a good sign that the VA is finally starting to enforce the law to protect student veterans and taxpayer money from predatory schools. Three dozen veterans organizations [wrote](#) to VA praising its action and offering specific suggestions on what would constitute appropriate “corrective action” by the schools. Veterans organizations had previously called on VA to enforce 3696 in letters in [2019](#) and [2016](#).

What You Can Do: Support [legislation](#) that would give State Approving Agencies concurrent authority to implement 3696 and include a strict timeline for the VA to act on evidence of deceptive enrollment practices, as 42 veterans organizations have [called](#) for. In addition, law enforcement actions against a college should trigger a halt (or reimbursable status) of federal funds, as well as a risk-based program review.

Reduce Recruiters' Incentives to Lie

Problem: Recruiters are incentivized to lie because of the 90/10 loophole and because of the boiler room atmosphere they operate under, with massive call centers and pressure to enroll a specific number of students each week – or risk being fired. One [whistleblower](#) former president of a for-profit college told us of the intense pressure for-profit college employees face to “do anything and say anything” to meet their enrollment quotas. One way to reduce recruiters' incentives to deceive students is to ban enrollment quotas. Similarly, the Executive Branch could do a better job enforcing the “[incentive compensation](#)” ban, which forbids colleges from compensating recruiters based on the number of students they enroll. This ban is another important student protection that needs to be upheld. It is codified for both the Education Department and the Department of [Veterans Affairs](#). The incentive compensation ban was implemented to combat the deceptive practices that resulted from for-profit college recruiters' receiving bonuses and other incentives to enroll as many students as possible.

Before the incentive compensation ban, [very aggressive](#) and deceptive practices were used by unscrupulous colleges. This was likely caused by the direct financial incentive for recruiters' enrolling as many students as possible. Heald College's 2007 compensation plan for recruiters included quotas for enrollment numbers, and, in order to be promoted or receive bonuses, recruiters had to enroll more students. The ban applies to all schools receiving Title IV funds from ED and disallows schools from paying their recruiters per each student enrolled. Similarly, the ban at VA under [38 USC 3696\(d\)](#) states that VA shall not approve any course offered by a school that provide incentive compensation based on recruiting or admission activities similar to ED's ban.

Today, the ban is sometimes violated by for-profit colleges that seek to incentivize their recruiters to increase enrollments.

Due to the proliferation of Online Program Management Companies (OPMs) that recruit students and provide other services to many colleges, there are [potential ways](#) that incentive compensation is a factor due to the often opaque structures of the revenue-sharing agreements and contracts with the school. The Executive Branch can also provide stronger oversight on financial stability requirements as well as address manipulation by schools of the 90/10 rule and cohort default rates.

What You Can Do: At the federal level, you can ensure enforcement of the existing incentive compensation bans at both VA and ED. At the state level, you could introduce incentive compensation bans. Both federal and state executives can issue an executive order further outlining what constitutes incentive compensation to prevent predatory institutions from obfuscating their conduct and avoiding the ban. Extend the incentive compensation ban to all college employees and contractors and clarify that quota systems that either lead to bonuses or termination are not permissible.

Curtail Deceptive Websites

The Problem: Online lead generators capture and sell to colleges the personal information of potential students. It has been an area ripe for misrepresentation and deception, and some

companies attempt to manipulate potential veterans into giving their personal information through misleading tactics. For-profit colleges have incentives to recruit servicemembers and veterans because of the 90/10 loophole, and this can [lead](#) to their use of deceptive lead generators to find potential students. In our [report](#), we examined how lead generator companies promote certain schools as “military friendly” and operate essentially as a pay-for-play scheme where schools pay to be promoted.

In 2018, the FTC [shut down](#) a number of lead-generating websites that were masquerading as military-affiliated. Army.com, NavyEnlist.com, and seven others were operating for years. According to the FTC, these websites and their owners “targeted military recruits and induced them to submit their information by disguising their websites and advertisements as official [U.S. military] recruiting channels and representing that the information would be used solely for [U.S. military] recruiting purposes.” Additionally, the FTC [fined](#) Career Education Corporation \$30 million dollars for their use of these and other deceptive lead-generators to attract veterans. Our [report](#) exposed additional for-profit schools that had used these deceptive military-oriented lead generators.

What You Can Do: Make sure ED conducts audits of third-party servicers as required by law. Work with ED’s Inspector General and Congress to make sure ED holds these schools accountable. Also work with Congress to amend the Higher Education Act to include better accountability measures. See [here](#) for more information.

Improve Consumer Protection Warnings/Arm Students with Informed College Choice

The Problem: Students need to be armed with the key information to make an informed college choice. They need to know whether a college is worth their hard-earned GI Bill funds and student loans. Numerous federal websites display college data for potential students to review as they decide which school is right for them. These websites include:

- College Scorecard and the Integrated Postsecondary Education Data System from ED;
- the [GI Bill Comparison tool](#) from VA; and
- “[TA DECIDE](#)” from DOD for its Tuition Assistance Program.

However, these tools are only effective if they are able to provide high quality information to assist students in understanding and contrasting schools. Recently, [changes](#) were made to the College Scorecard, making it harder for students to compare key data at colleges to the national medians. Similarly, at VA most of the school-specific outcome data is missing.

At the same time, there are no flags whatsoever on schools that are under a law enforcement cloud or facing serious problems that a potential student would want to know about.

What You Can Do: State and federal college search tools should make student outcomes clearer and more accessible. In addition, government could enable informed student choice by posting “red flags” to warn students about schools under a law enforcement cloud or that suffer high default rates or other troubling indicators on all federal student interface tools, as both [veterans organizations](#) and [Members of Congress](#) have urged. In addition, exiting servicemembers should

be explicitly warned to protect their hard-earned GI Bill during the mandatory Transition Assistance Program (TAP) classes they sit through.

Both the federal government and the states could provide better information and warnings to students. Public awareness campaigns could include videos such as the “[Know Before You Go](#)” video by VA and a new unbranded [video](#) by the USAA Education Foundation, available for public use, on how veterans can avoid deceptive websites and recruiting practices. States and localities can also educate their public. For example, New York City launched a “Know Before You Enroll” public awareness [campaign](#) that provides resources that can be a model for helping student veterans make informed decisions.

States hoping to more effectively inform their consumers should consider establishing standards and minimum expectations for how student debt compares to graduate earnings. These figures would let students know how much they can expect a program to cost as well as how much they can expect to earn with the credential or degree. States may need to first ensure that the right data are being collected and matched. At a minimum, states should collect and match information on college program enrollment, cumulative student debt and repayment, employer characteristics, and employment wage amounts. A model exists in California, where lawmakers passed a [law](#) in 2019 requiring institutions to collect enrollment and student loan information on graduates to match with wage data from the state’s employment data system. As a necessary first step, the initiative will enable the state to provide information to prospective students about program value and efficacy in preparing students for the job market.

Separately, and less consequentially, state approving agencies approving schools for GI Bill funds may also require data about student outcomes under the GI Bill statute. Specifically, 38 USC 3675 (“approval of accredited courses”) (b)(2) allows SAAs to require enhanced record-keeping:

“As a condition of approval under this section, the State approving agency, or the Secretary when acting in the role of the State approving agency, must find the following: (1) The educational institution keeps adequate records, as prescribed by the State approving agency, or the Secretary when acting in the role of a State approving agency, to show the progress and grades of the eligible person or veteran and to show that satisfactory standards relating to progress and conduct are enforced.”

Limit Predatory Schools’ Access to Military Bases

The Problem: The Defense Department (DoD) should limit access to military bases by predatory college companies. All colleges that wish to participate in DoD’s Tuition Assistance program, which provides financial assistance to servicemembers attending off-duty education programs, must sign a Memorandum of Understanding (MOU) with DoD.

Access to military bases is controlled by the Military Post Commander of the base. [News](#) reports have shown that predatory for-profit colleges focus heavily on recruiting on military installations. One pertinent [example](#) is the University of Phoenix (UOP), which was banned from recruiting on military bases in 2015. The ban was implemented in response to UOP’s

surreptitious recruiting on bases in violation of the DoD MOU, including giving gifts to troops, inserting marketing materials into official military packets, illegally using military emblems on a military-style “challenge coin,” and paying \$250,000 to sponsor events at military bases.

More recently, a whistleblower from DeVry’s military recruiting division says they regularly violated MOU rules by recruiting on bases at education and job fairs and by asking military commanders to require servicemembers, during duty hours, to listen to mandatory DeVry briefings.

Ensuring servicemembers are not subject to aggressive recruiting by unscrupulous schools is important to the proper functioning of the base and to the benefit of servicemembers.

What You Can Do: Work to make sure that servicemembers are not subject to predatory recruiting practices on military installations through DoD oversight and regulation. Specifically, work with DoD’s Office of Voluntary Education to institute policies and procedures to make sure that potentially predatory actors are not sidestepping the MOU and established channels to gain access to bases. Also enforce, across DoD, the prohibitions on servicemembers’ (and especially commanders’) endorsing and promoting private corporate products.