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TESTIMONY OF CHILDREN'S ADVOCACY INSTITUTE URGING STRONG REGULATIONS FROM U.S. DEPARTMENT OF EDUCATION TO PROTECT FOSTER YOUTH FROM PREDATORY USE OF CHAFEE/ETV BENEFITS

October 26, 2021

Thank you for your diligent work to promulgate strong and comprehensive regulations to implement the American Rescue Plan's 90/10 amendment which now includes *all* sources of federal funding in this formula which serves to protect students and taxpayers from predatory practices of private for-profit colleges.

Please accept this statement from the Children's Advocacy Institute (CAI). CAI, founded at the nonprofit University of San Diego School of Law in 1989, is one of the nation's premiere academic, research, and advocacy organizations working to improve the lives of children and youth, with special emphasis on improving the child protection and foster care systems and enhancing resources that are available to youth aging out of foster care. CAI's research and advocacy component, conducted through its offices in San Diego, Sacramento, and Washington, D.C., seeks to leverage change for children and youth through impact litigation, regulatory and legislative advocacy, and public education. Active at the federal and state levels, CAI's efforts are multi-faceted—comprehensively and successfully embracing all tools of public interest advocacy to improve the lives of children and youth.

Over the last decade plus, CAI has encountered many transition-age foster youth who have experienced poor educational outcomes as a result of being targeted by private for-profit colleges because their benefits were wrapped up in the 90/10 loophole. We have heard stories of recruiters coming into group foster homes, making false promises about employment opportunities, filling out loan forms for youth, and once enrolled, failing to provide educational or occupational support to the students. We have worked arduously over the years to raise awareness and close the 90/10 loophole as it pertains to these students, advocating alongside allies representing veterans and other vulnerable groups who have been subjected to the unscrupulous tactics used by many members of the for-profit college industry.

Evidence is clear that if provided the correct support, foster youth and those transitioning to young adulthood can fulfill their ambitions and achieve success just as well as their peers without foster care experience. But they face an uphill battle as they work to achieve self-sufficiency without the support of a family. Young people aging out of care experience high rates of homelessness, chronic unemployment and underemployment, PTSD and other mental health issues, justice system involvement, and poor educational outcomes, particularly at the post-secondary level. In recognition of this, the John H. Chafee Foster Care Program (Chafee program) provides flexible services to youth who are or were in foster care to support educational

milestones and access to college. The Education and Training Voucher (ETV) component of the Chafee program allows current and former foster youth attending a qualified institution of higher education to receive up to \$5,000 annually for up to five years to support postsecondary participation.

The previous iteration of the 90/10 rules inadvertently exempted certain categories of public funds from the formula. Chafee and ETV benefits were caught up in this loophole, making foster youth a tempting target for for-profit colleges that used these dollars to offset the caps and evade accountability. The loophole made recruiting – and often defrauding – vulnerable transition-age foster youth a profitable endeavor, and created perverse incentives to enroll these students. Those transition age foster youth who fell victim to these schools were then often saddled with insurmountable debt, low graduation rates, poor job prospects, and an empty coffer to achieve their educational ambitions and dreams. Closing the loophole must once and for all eliminate the incentive for these schools to target foster youth whose Chafee and ETV dollars have, until now, been ten-times more lucrative to these colleges than other federal aid.

As a stakeholder invested in the outcome of these regulations, we implore the Department of Education to adhere to the spirit and language of this statutory change and ensure that ALL federal funds are included in the 90/10 calculation and that no carve-outs, waivers, or exceptions are made which skirt legislative intent. Implementing a strong set of regulations will facilitate the proper use of Chafee and ETV dollars to advance the ambitions of transition-age foster youth and remove this insidious barrier to economic success.

The Children's Advocacy Institute requests that as the Department assembles a panel of interested parties to develop regulatory recommendations, our organization as well as a foster care alumnus with lived experience be included in such conversations to ensure attention to this impacted population.

We appreciate your work to ensure effective implementation of the law and look forward to providing any further information or technical assistance needed as the regulatory process progresses.

Sincerely,

A handwritten signature in black ink that reads "Amy Harfeld". The signature is written in a cursive, flowing style.

Amy Harfeld
National Policy Director
Children's Advocacy Institute