

# Congress of the United States

## House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051

MINORITY (202) 225-5074

<http://oversight.house.gov>

### Opening Statement

#### Chairman Raja Krishnamoorthi

#### Subcommittee on Economic and Consumer Policy Hearing on

#### “Examining For-Profit College Oversight and Student Debt”

#### May 22, 2019

During the height of the great recession of the late 2000s, enrollment at for-profit colleges tripled. This was not a coincidence. Americans around the country searched for ways to make themselves more competitive for employment. By 2010, enrollment at for-profit colleges peaked at just over 2 million students, and revenue grew over 600%.

In President Obama’s second term in office, the bubble began to burst. The collapse of Corinthian Colleges and ITT Tech in 2015 and 2016, respectively, initiated a rash of collapses that we continue to see today.

Just in the past six months, Education Corporation of America and Dream Center schools have closed, leaving students languishing and looking for answers.

At the heart of these collapses are students determined to improve their career and life prospects through the promise of higher education.

One such student is with us today. Robert J. (RJ) Infusino is a student from my district in Illinois. In 2015, RJ enrolled at the Illinois Institute of Art seeking a degree in audio production. RJ’s anticipated graduation date would have been May, 2019.

This month, as students on college campuses across the country put on their cap and gown, and proudly walk across the stage to collect hard-earned degrees with friends and family cheering them on, RJ will not be joining them.

He will not be joining them because like so many students that attended predatory colleges, he was deceived.

RJ’s school lied about their accreditation status, setting him back academically and endangering his financial health and future. Unfortunately, RJ’s story is all too familiar. Hundreds of thousands of students have been lied to by predatory for-profit colleges about job placement rates, salary prospects, tuition costs, and program quality.

The statistics are alarming.

According to the National Center for Education Statistics (“NCES”), only **26%** of students who enroll in four-year for-profit institutions graduate within six years. In comparison, across all institutions, the national average 6-year graduation rate is **60%**.

47% of all defaults are attributed to students that attended for-profit college despite the fact only 13% of students attend these schools.

One of the stated missions of the Department of Education is to promote student achievement and increase the accountability of Federal education programs.

But Secretary Betsy DeVos’ Department of Education has been derelict in its duties to combat the rampant and flagrant abuses of predatory institutions and the enabling accreditors who let them sell worthless degrees.

On average, Title IV federal funding accounts for 70% of for-profit college revenue. \$245.6 billion—almost 20% of all student debt owed, is attributed to for-profit colleges that directly profit from government funding.

Yet, the Department refuses to enforce gainful employment rules meant to ensure all schools are actually setting up their students for success in the job market.

Just as alarming is that the Department refuses to fight on behalf of students that have been defrauded and deceived by the exact industry it won’t hold accountable.

Since June 2018, the Department has not processed a single borrower-defense claim, which provide much-needed loan forgiveness to defrauded students. In the interim, the number of claims at the Department has gone up 50% and now exceeds 158,000 claims.

**Let me be clear—inaction is complicity.**

Students and American taxpayers demand and deserve better oversight that holds all institutions accountable.

I am hopeful today’s hearing will give us insight into why the Department has lapsed its responsibility to enforce accountability standards that would prevent fraud, waste, and abuse by predatory for-profit institutions.

I look forward to today’s discussion with the sincere hope the Department will begin to chart a new course that establishes an American education system based on transparency, accountability, equity, **and results.**

###