

July 25, 2019

The Honorable James Inhofe  
Chairman  
Senate Armed Services Committee  
228 Russell Senate Office Building  
Washington, DC 20510

The Honorable Jack Reed  
Ranking Member  
Senate Armed Services Committee  
228 Russell Senate Office Building  
Washington, DC 20510

The Honorable Adam Smith  
Chairman  
House Armed Services Committee  
2216 Rayburn House Office Building  
Washington, DC 20515

The Honorable Mac Thornberry  
Ranking Member  
House Armed Services Committee  
2216 Rayburn House Office Building  
Washington, DC 20515

Dear Chairmen Inhofe and Smith and Ranking Members Reed and Thornberry:

As you prepare to conference the National Defense Authorization Act for Fiscal Year 2020 (NDAA), the undersigned student, education, military, and veterans service organizations, strongly encourage you to include the Shalala amendment on DOD Tuition Assistance (TA) funds in the final conference bill. This bipartisan amendment puts forth an accountability system that prioritizes transparency, distinguishes bad actors from good actors, looks out for the American taxpayer, and protects our military community.

The Department of Education (ED) reports annually on for-profit schools' reliance on Title IV revenue, but the extent of these schools' dependency on military educational benefits has long been a matter of uncertainty. Regulatory policies such as the 90-10 Rule have helped students in general, but the loopholes in the policy have created incentives for for-profit universities to target active duty servicemembers because TA benefits are not considered "federal funds" under the calculation. In fact, recent academic research has shown that for-profit universities are sensitive to changes in TA reimbursement rates and respond by changing the sticker price to extract surpluses from active duty servicemembers.<sup>1</sup>

Despite efforts by Congress, previous administrations, and state attorneys general to curtail aggressive recruiting tactics, many servicemembers continue to be targeted due to the lack of easily accessible information. The Shalala amendment seeks to correct this by requiring the Secretary of Defense to review the amount of TA funding institutions of higher education receive and publishing that data in a publicly accessible website. Too often, military students at for-profit schools encounter extremely high-costs, low-value instruction, a lack of appropriate support services, and degrees that aren't taken seriously by potential employers. With increased

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<sup>1</sup> Baird, Matthew and Kofoed, Michael and Miller, Trey and Wenger, Jennie, For-Profit Higher Education Responsiveness to Price Shocks: An Investigation of Changes in Post 9-11 GI Bill Allowed Maximum Tuitions (May 31, 2018). Available at SSRN: <https://ssrn.com/abstract=3174763> or <http://dx.doi.org/10.2139/ssrn.3174763>

transparency and accountability, we can better provide our military community the high-quality education they deserve, and the essential skills for military or civilian life.

The Department of Education's (ED) Financial Responsibility Standards (Subpart L of 34 CFR 668) are intended to safeguard institutions that participate in the federal financial aid programs are able to meet their financial obligations and provide the resources necessary to offer educational programs and comply with ED rules. Examining trends in the higher education sector that fail to do this will provide insight into the financial stability of an institution. The process of ensuring servicemembers the colleges they attend have the financial resources necessary to protect against a sudden closure or tuition increase, is essential to distinguish good actors from bad actors.

More than 7,000 GI Bill and TA recipients had their education plans derailed when Corinthian Colleges and ITT Technical Institute closed in 2016. The more recent wave of closures surrounding Argosy University and the Art Institute affected over 1,700 GI Bill and TA recipients. Closures have created hardships for thousands of active duty servicemembers and come at a significant cost to taxpayers. The Shalala amendment will give our men and women in uniform enough time to plan accordingly and protect their educational benefits.

Those who oppose this amendment have tried to claim that it is an attempt to shutter for-profit institutions and limit educational opportunities for servicemembers. This is simply not true. This amendment is about transparency and disclosure. We want to give our American heroes the information they need so they can utilize their hard-earned benefits at educational institutions that will provide quality education and a degree or certificate that will help them reach their goals. We believe that a stronger and more transparent NDAA is one that prioritizes the men and women who have answered the call to serve. Supporting our veterans and active-duty servicemembers has historically drawn large, bipartisan support, as evident by this amendment's overwhelming adoption on the House floor by members on both sides of the aisle.

We strongly urge you to support the Shalala amendment on DOD Tuition Assistance that prioritizes transparency and protects servicemembers, their families, and the taxpaying public from predatory colleges.

Signed,

CC: Speaker Pelosi, Majority Leader McConnell, Minority Leader Schumer, Minority Leader McCarthy, Members of the House Armed Services Committee and Members of the Senate Armed Services Committee

American College Personnel Association  
American Federation of Teachers (AFT)  
Army Aviation Association of America  
Association of the United States Navy  
Blue Water Navy Association  
Coast Guard Chief Petty Officers Association  
Council of Graduate Schools  
High Ground Veterans Advocacy  
Higher Learning Advocates  
Iraq and Afghanistan Veterans of America  
Military Child Education Coalition  
Military Veterans Advocacy  
National Association for College Admission Counseling  
National Military Family Association  
Naval Enlisted Reserve Association  
New America Higher Education Initiative  
Non-Commissioned Officers Association  
Paralyzed Veterans of America  
Project on Predatory Student Lending  
Service Women's Action Network  
Student Veterans of America  
The Institute for College Access & Success (TICAS)  
TREA: The Enlisted Association  
UAspire  
United States Army Warrant Officers Association  
Veterans Education Success