



Dear Governor Cuomo, Speaker Heastie, Majority Leader Stewart-Cousins:

We are writing as organizations representing thousands of students, teachers, counselors, veterans, young people, consumers, community members, community-based organizations, not-for-profit advisors, and legal services groups to voice concern around the harmful impact of predatory for-profit colleges on students, low-income communities, and the higher education system of New York. Now, as the federal government eliminates meaningful oversight, we strongly urge New York leaders to enact the “For-Profit College Accountability Act” to protect students from predatory for-profit schools. (Title VII, Education, Labor and Family Assistance, Part E, S.1506/A.2006)

Too many for-profit schools aggressively recruit and enroll New Yorkers into low-value programs that leave students drowning in debt. Students are promised educational opportunity and a path to financial security, but come out with subprime degrees and high debts they cannot repay.

- Mr. H. enrolled at Lincoln Tech, a for-profit trade school, after recruiters assured him that their program would lead to a high-paying and rewarding position as a mechanic. He earned straight “As” but found that shops would not hire Lincoln Tech students; some explicitly posted “Lincoln Tech Grads need not apply.” After paying \$30,000 in loans and grants, Mr. H. is now a janitor at a NYC public school and has never worked as a mechanic. He sought help from Legal Services NYC because he was drowning in debt. Lincoln Tech has been investigated by law enforcement for misleading students.
- Ms. S. attended Bryant & Stratton College for a medical billing program in Buffalo. She graduated with about \$25,000 in student loan debt, and sought help from Neighborhood Legal Services after finding that she could not obtain work in her field. With one of the highest default rates in the state,¹ Bryant & Stratton is a college where students are more likely to default than earn a degree: 2,731 students earned certificates or degrees in 2016-17 while 3,306 students defaulted from a single-year cohort.

¹Jonathan Bowles, Charles Shaviro, and Eli Dvorkin. “Deeper in Debt,” *Center for an Urban Future*, Dec. 2018, <https://nycfuture.org/research/for-profit-schools-driving-student-loan-default-in-new-york>.

These sad outcomes are all too common. On the labor market, 10% of for-profit programs in New York leave graduates earning below-poverty wages and 73% leave graduates earning less than a high-school degree holder.² With low earnings and high debt, students are set up to fail: 47% of students attending New York's for-profit schools default on their student loans within twelve years, compared to 10% and 11% at New York's non-profit and public schools.³ For-profit schools are particularly harmful to communities of color: 72% of black students default within 12 years of attending a for-profit school in New York,⁴ and within New York City complaints of abuse are concentrated in East New York and the Bronx.⁵ With less oversight and accountability than public and non-profit schools, for-profit colleges are able to take state dollars meant to give vulnerable students a leg up, and pocket the resources while hobbling students' prospects for economic advancement.⁶

Historically, the federal government has tried to curtail abuse in the for-profit school industry through both Democratic and Republican administrations. However, President Trump and Secretary Betsy DeVos have reversed course, appointing former for-profit colleges executives to senior positions at the U.S. Department of Education, dismantling enforcement efforts to root out fraud and abuse, and actively working to repeal basic quality standards and debt relief programs for defrauded students. As Trump and DeVos tip the scales in favor of profits and growth at students' expense, groups such as the National Black Caucus of State Legislators urge states to affirmatively prevent the proliferation of unfair and abusive practices by for-profits.⁷ We urge New York to lead this charge and fill the void left by the federal abandonment of student protections.

The strong protections of the "New York For-Profit College Accountability Act" are needed to ensure that New Yorkers pursuing higher education can safely enroll in any state-licensed school with the security of knowing that the program will meet basic quality standards, and put students' needs above profit goals. State taxpayers have significant interests at stake too -- in 2015, New York sent \$68 million dollars in state grant aid to for-profit colleges, but, over half of those dollars (\$37 million) went to schools that failed Obama-era federal standards now being repealed.⁸ By contrast, when the same "Gainful Employment" test was applied to 170 programs at New York's public colleges, each and every program passed the test.⁹ Public oversight results in better higher education, and we urge state leaders to implement accountability standards that will improve the performance of New York's for-profit schools and the outcomes of students who attend them.

² Tom Hilliard, "Keeping New York's For-Profit Colleges on Track," *Center for an Urban Future*, April 2018, <https://nycfuture.org/research/keeping-new-yorks-for-profit-colleges-on-track>.

³ Yan Cao, "Grading New York Colleges," *The Century Foundation*, March 2018, <https://tcf.org/content/report/grading-new-yorks-colleges/>.

⁴ *Id.*

⁵ Meral Agish et al., "Counterfeit Ed," *NYCityNewsService*. The City University of New York Graduate School of Journalism, <http://counterfeited.nycitynewsservice.com/>.

⁶ Center for Responsible Lending, "The State of For-Profit Colleges," Jan. 2019, <https://www.responsiblelending.org/map/pdf/ny.pdf>.

⁷ *A Resolution on Addressing our Nation's Student Loan Debt Crisis*, National Black Caucus of State Legislators. Nov. 2018, <https://nbcsl.org/public-policy/docs/resolutions/file/152-resolution-edu-19-17.html>

⁸ *Id.*

⁹ U.S. Department of Education, "GE Program Earnings Data," April 2018, Updated Jan. 2019, <https://studentaid.ed.gov/sa/about/data-center/school/ge>.

Sincerely,

Alliance for Quality Education
American Federation of Teachers AFL-CIO
Americans for Financial Reform
Center for Responsible Lending
Community Service Society
Consumer Action
Empire Justice Center
Generation Progress
Goddard Riverside Community Center
Henry Street Settlement
Mobilization for Justice, Inc.
National Association for College Admission Counseling
National Student Legal Defense Network
New Settlement Apartments
New York Communities for Change
New York Legal Assistance Group
New York Public Interest Research Group (NYPIRG)
New York State Association of College Admission Counseling
New Yorkers for Responsible Lending
NYSUT
Opportunities for a Better Tomorrow
Professional Staff Congress, AFT Local 2334
Robert Shireman, Yan Cao, Taela Dudley, The Century Foundation
Queens Community House
Student Debt Crisis
The Education Trust- New York
The Legal Aid Society
United University Professions
Veterans Education Success
Western New York Law Center, Inc.
Young Invincibles

CC: Assembly Higher Education Chair Glick, Senate Higher Education Chair Stavisky