

# United States Senate

WASHINGTON, DC 20510

April 21, 2020

The Honorable Mitch McConnell  
Senate Majority Leader  
Room S-230, U.S. Capitol  
Washington, DC 20510

The Honorable Charles E. Schumer  
Senate Minority Leader  
Room S-221, U.S. Capitol  
Washington, DC 20510

The Honorable Richard Shelby  
Chairman  
Senate Appropriations Committee  
Room S-128, U.S. Capitol  
Washington, DC 20510

The Honorable Patrick Leahy  
Vice Chairman  
Senate Appropriations Committee  
Room S-128, U.S. Capitol  
Washington, DC 20510

Dear Leader McConnell, Leader Schumer, Chairman Shelby, and Vice Chairman Leahy:

As you prepare additional legislation to alleviate the health and economic impact of the coronavirus pandemic (COVID-19), we respectfully urge you to exclude for-profit colleges from any additional emergency funding specifically for institutions of higher education.

The global public health emergency and economic crisis caused by COVID-19 has jeopardized the health, learning, and livelihoods of millions of students and threatens the financial stability of public and private, nonprofit colleges and universities across the country. We are grateful that, on a bipartisan basis, Congress established the Higher Education Emergency Relief Fund in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) to aid students and to stabilize colleges and universities.<sup>1</sup> We urge you to provide additional support to students, states, and public and private, nonprofit colleges and universities in future recovery packages.

At the same time, we believe it is critical that future packages explicitly direct additional emergency funding for institutions of higher education to public and nonprofit institutions. While we believe that the most legally sound interpretation of the definition of institution of higher education under the CARES Act would exclude for-profit colleges from receiving funds,<sup>2</sup> we are concerned that estimates show that for-profit colleges could receive up to one billion dollars from the Higher Education Emergency Relief Fund under CARES.<sup>3</sup>

---

<sup>1</sup> Sec. 18004 of H.R.748, the Coronavirus Aid, Relief, and Economic Security Act, Public Law No: 116-136

<sup>2</sup> Letter to Secretary DeVos re: For-Profit Colleges aid in CARES Act (April 2020)

<https://www.warren.senate.gov/imo/media/doc/2020.04.07%20Letter%20to%20ED%20re%20for-profit%20colleges%20in%20CARES.pdf>

<sup>3</sup> These for-profit colleges could reap up to \$1 billion in federal bailout money, Market Watch (April 2020)

<https://www.marketwatch.com/story/exclusive-these-for-profit-colleges-could-reap-up-to-1-billion-in-federal-bailout-money-2020-04-08>

The purpose of emergency relief is to directly assist students and to help institutions of higher education cope with additional costs due to COVID-19—including changes to the delivery of instruction from in-person to distance learning. The percentage of students who were enrolled exclusively in distance learning prior to COVID-19 was highest among for-profit colleges—at 60 percent—since for-profit colleges aggressively use online education to maximize enrollment and revenue while minimizing instructional costs.<sup>4</sup> This fact reflects a significantly reduced need for most for-profit colleges to receive any federal funds to compensate for changes to the delivery of instruction at these institutions, since they are already largely online.

In addition, for-profit colleges are businesses. If they are experiencing financial distress, they are freely able to seek emergency loans available to other small businesses and corporations made available in the CARES Act and administered by the Department of Treasury, the Federal Reserve System, and the Small Business Administration.<sup>5</sup> Unlike the Higher Education Emergency Relief Fund, they include explicit safeguards to ensure that companies do not use emergency support from taxpayers to boost the salaries and bonuses of senior executives or pay for stock buybacks. At the same time, it will be difficult or impossible for many public and private, nonprofit institutions to access these programs—making it critical that the Higher Education Emergency Fund is not watered down with for-profit college eligibility.

What’s more, recent history gives us a warning about what the result of seeding this industry with federal dollars at this moment could be. During and immediately following the 2008 financial crisis, millions of Americans lost jobs and could not find work. They viewed a college degree or going back to school as their best opportunity to compete in a weak job market and enrolled in college to improve their employment chances. Meanwhile, as states faced historic budget crises, state policymakers dramatically cut financial support for public higher education, which left public and community colleges unable to compete for this surge of unemployed or underemployed Americans enrolling in higher education.

But, for-profit colleges with big marketing budgets and fancy ads were there to lure in these students—often low-income, veterans, and students of color. For-profit colleges often used false or misleading promises to get students to enroll and take on massive debt for an education that was worthless. It was what a group of State attorneys general once referred to as “open season” on students by for-profit colleges.<sup>6</sup>

Millions of students enrolled in for-profit institutions during this time and borrowed billions of dollars in federal student loans as owners and investors made a fortune—with for-profit colleges often receiving more than 90 percent of their revenue directly from federal taxpayer funds. In 2009, the seven largest publicly-trade for-profit colleges were worth a combined \$51 billion. At its 2010-11 peak, the for-profit college industry received \$32 billion a year in revenue from Department of Education federal financial aid. Despite never enrolling

---

<sup>4</sup> 85 FR 18674

<sup>5</sup> Sec. 1102 of H.R.748, the Coronavirus Aid, Relief, and Economic Security Act, Public Law No: 116-136

<sup>6</sup> Letter to Secretary DeVos, et. al. re: How For-profit Schools Have Harmed Student Borrowers (February 2017) [https://illinoisattorneygeneral.gov/pressroom/2017\\_02/Multistate%20AG%20letter%20on%20for-profit%20schools%20Feb%202017.pdf](https://illinoisattorneygeneral.gov/pressroom/2017_02/Multistate%20AG%20letter%20on%20for-profit%20schools%20Feb%202017.pdf)

more than a 13 percent of all postsecondary students,<sup>7</sup> for-profit colleges made up more than half of the top 25 institutions whose students owed the most in federal students loan debt in 2014.<sup>8</sup> In 2000, only one for-profit college was on the list. The massive growth, widespread fraud, and poor outcomes of the for-profit college industry during and after the 2008 financial crisis contributed to the historic student debt crisis we face today—and which Congress was forced to face in the CARES Act with relief to federal student loan borrowers. We do not wish to see history repeat itself.

Millions of Americans—out of work or forced to stay home as a result of COVID-19—are deeply worried about their futures. For-profit colleges have a demonstrated record of capitalizing on such anxieties to turn a profit. The last thing Congress should do is provide an additional source of free taxpayer money to finance the next “open season” on students—especially when the needs among public and non-profit institutions of higher education are so great. We urge you to protect students and taxpayers by clarifying in future relief packages that only public and private, nonprofit institutions are eligible for desperately needed additional emergency aid to higher education.

Thank you for your consideration of this matter.

Sincerely,



---

Richard J. Durbin  
United States Senator



---

Elizabeth Warren  
United States Senator



---

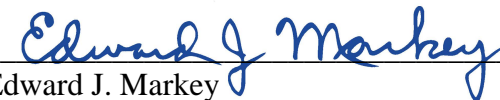
Sherrod Brown  
United States Senator

/s/ Jack Reed  
United States Senator



---

Sheldon Whitehouse  
United States Senator



---

Edward J. Markey  
United States Senator

---

<sup>7</sup> For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success (July 2012) [https://www.help.senate.gov/imo/media/for\\_profit\\_report/PartI.pdf](https://www.help.senate.gov/imo/media/for_profit_report/PartI.pdf)

<sup>8</sup> A crisis in student loans? (September 2015) [https://www.brookings.edu/wp-content/uploads/2016/07/ConferenceDraft\\_LooneyYannelis\\_StudentLoanDefaults.pdf](https://www.brookings.edu/wp-content/uploads/2016/07/ConferenceDraft_LooneyYannelis_StudentLoanDefaults.pdf)



---

Jeffrey A. Merkley  
United States Senator

/s/ Robert P. Casey, Jr.  
United States Senator




---

Richard Blumenthal  
United States Senator

/s/ Kamala D. Harris  
United States Senator

/s/ Chris Van Hollen  
United States Senator




---

Margaret Wood Hassan  
United States Senator



---

Dianne Feinstein  
United States Senator



---

Tammy Baldwin  
United States Senator



---

Christopher S. Murphy  
United States Senator



---

Brian Schatz  
United States Senator



---

Bernard Sanders  
United States Senator

cc: The Honorable Roy Blunt, Chairman, Senate Appropriations Subcommittee on Labor,  
Health and Human Services, Education, and Related Agencies  
The Honorable Patty Murray, Ranking Member, Senate Appropriations Subcommittee on  
Labor, Health and Human Services, Education, and Related Agencies