

United States Senate

WASHINGTON, DC 20510-1304

July 2, 2020

The Honorable Kwame Raoul
Illinois Attorney General
100 West Randolph Street
Chicago, IL 60601

Dear Attorney General Raoul,

As you continue working to protect the people of Illinois from fraud during the coronavirus pandemic (COVID-19), I urge you to remain watchful and vigilant when it comes to for-profit colleges.

As you know, the for-profit college industry has a long history of fraud and abuse that peaks during times of great economic uncertainty. We saw it during the 2008 financial crisis when hundreds of thousands of for-profit college students were lured with false promises into massive debt and worthless degrees. Your predecessor, Attorney General Lisa Madigan, called it an era of “open season” on students by for-profit colleges.¹ We are now seeing signs of a for-profit college resurgence and a potential new open season on students during this new economic downturn caused by the pandemic.

According to recent reports, for-profit colleges are actively seeking ways to capitalize on mass unemployment and monetize the pandemic. For-profit college stocks are seeing large increases as investors smell the opportunity. The CEO of for-profit American Public Education Inc., removed all doubt when she recently admitted that, “The pandemic has created an unexpected opportunity.” Predatory for-profit Ashford University is hiring hundreds of new recruiters to take advantage.² And we know who the victims of their efforts will largely be—students of color, those who come from low-income or non-traditional backgrounds, and veterans.

In addition, for-profit colleges’ traditional reliance on online programs could benefit the industry at a time when the pandemic makes distance learning necessary. The percentage of students who were enrolled exclusively in distance learning prior to COVID-19 was highest among for-profit colleges—at 60 percent. The for-profit college industry has used online education to maximize enrollment and revenue while minimizing instructional and other costs.

¹ “Multistate attorneys general letter on for-profit schools.” February 22, 2017.

https://illinoisattorneygeneral.gov/pressroom/2017_02/Multistate%20AG%20letter%20on%20for-profit%20schools%20Feb%202017.pdf

² “For-Profit Colleges, Long Troubled, See Surge Amid Pandemic.” *The New York Times*. June 17, 2020.

<https://www.nytimes.com/2020/06/17/business/coronavirus-for-profit-colleges.html>

Now, it could provide a competitive advantage for for-profit colleges in recruiting and enrolling students into programs of questionable quality.

Finally, federal relief packages that provide funds to for-profit colleges—without adequate protections for students and taxpayers—could exacerbate the problem. While these funds were desperately needed to assist our higher education system, I remain concerned that for-profit colleges—despite requests from me and several of my Senate colleagues—were not excluded from receiving funds under the Coronavirus Aid, Relief and Economic Security (CARES) Act. Estimates show that for-profit colleges could receive up to one billion dollars from the CARES Act.³ Without proper safeguards, it is likely for-profit colleges would use these additional taxpayer dollars to recruit students and pad their financial bottom lines.

The pandemic has created the perfect storm for for-profit colleges to prey on students: mass unemployment and economic uncertainty, the need for widespread distance learning, and billions more in federal dollars at play. We must work at the state and federal level to protect students from the consequences of this storm. Thank you for your consideration of my concerns and your continued efforts on behalf of Illinois students.

Sincerely,



Richard J. Durbin
United States Senator

³ “These for-profit colleges could reap up to \$1 billion in federal bailout money.” *Market Watch*, April 9, 2020
<https://www.marketwatch.com/story/exclusive-these-for-profit-colleges-could-reap-up-to-1-billion-in-federal-bailout-money-2020-04-08>