For-Profit Schools

House Passes Amendment to Block Funding of Oversight Measure for For-Profit Schools

by Sharona Coutts
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The House today passed an amendment that could curtail the Department of Education's attempts to regulate for-profit colleges.

The amendment is aimed at a proposed Education Department rule that could bar schools from accessing federal student aid if too many students can't repay their loans. That regulation—called the "gainful employment" rule—has not yet been finalized and was at the center of a hard-fought PR and lobbying war [1] last year between the for-profit industry and consumer and student advocates.

The amendment, which passed 289-to-136, blocks the department from using any money in the latest spending bill to implement the rule.

Some advocacy groups have opposed the rule, claiming that it unfairly affects schools that serve greater numbers of poor and minority students and will deprive those students of the full range of educational opportunities available to more affluent, traditional college students.

But many advocacy groups support tightening restrictions on the for-profit college sector, which they say has used questionable recruiting tactics [2], and left students with crushing debt and dim job prospects. In a letter to President Obama, nearly 50 civil rights, consumer and student advocacy groups urged the administration to adopt the rule, which they said would "eliminate waste, fraud and abuse" by education programs that "consistently leave students buried in debt they cannot repay."

Despite today's passage of the amendment in the House, student advocates said they did not believe it would pass the Senate.

Last summer, we pointed out that many of the lawmakers who joined the for-profits in their fight against the rule had also received large amounts of campaign cash from the industry and its lobbyists [1].

So, we took a look to see whether the four lead sponsors of this amendment had also received donations from the industry—and they have.

Rep. John Kline, R-Minn., the lead sponsor of the bill, is the chairman of the House Committee on Education and the Workforce. He received at least $33,600 in contributions in the last two years from for-profit schools,

or their employees, according to an analysis we did of campaign finance records [3].

Rep. Virginia Foxx, R-N.C., who chairs the subcommittee on Higher Education, took in at least $2,750.

A spokesman for Congressman Kline denied that contributions had played any part in the chairman's support for the amendment. "The department's regulation will deny access to the millions of students who need the flexible job training and higher education options proprietary institutions provide," said Brian Newell, in an e-mail to ProPublica. That concern is echoed by the industry's lobby group, the Association of Private Sector Colleges and Universities, which was one of the main contributors to the sponsors of the amendment. Congresswoman Foxx also denied that contributions were a factor in her opposition to the new rule.

Two Democrats who co-sponsored the amendment also received campaign contributions. Rep. Alcee Hastings, D-Fla., who has written to the Education Department opposing the rule [1], received at least $8,900 in the 2009-2010 reporting period. And Rep. Carolyn McCarthy, D-N.Y., received at least $55,350 from the career college industry, according to the filings.

During the debate over the amendment, Congressman Hastings said that the department's rule was overbroad [4] and would be burdensome to implement. Hastings also said it would lead to school closures and would deprive many Americans of attending the schools of their choice. A spokesman for Congresswoman McCarthy said she has a long-standing commitment to career schools and believes that the schools can help their graduates.

Lauren Asher, president of the Institute for College Access and Success, a research and advocacy group that has criticized for-profit schools, said the amendment runs contrary to the goal of increasing accountability and reducing waste.

"Especially when there's so much concern, as there should be, that tax dollars are being spent carefully, it's frankly astonishing that there'd be an attempt to prevent the monitoring and oversight of billions of dollars of state funds," she said.

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