

United States Senate

WASHINGTON, DC 20510

October 20, 2015

The Honorable Ted Mitchell
Under Secretary
United States Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202

Dear Mr. Mitchell:

We are concerned that for-profit schools which are under investigation for fraudulent behavior continue to enjoy unrestrained access to federal student aid. The Department of Education (ED) should take immediate action to limit or otherwise condition continued student aid funding based on evidence uncovered by federal and state authorities. As demonstrated by the catastrophic closure of Corinthian Colleges, Inc. earlier this year, the current program integrity structure does not provide sufficient protection to prevent federal dollars from being squandered at illegitimate institutions. Allowing fraudulent for-profit schools to continue collecting federal funding until they collapse is unacceptable.

As an integral component of the program integrity triad designed to ensure institutional quality, ED has the responsibility and authority to curb the flow of federal financial aid funding going to for-profit schools that have defrauded their students. The Department should not rely solely on evidence uncovered by its own Federal Student Aid (FSA) program reviews. Many federal and state authorities, including a working group of 37 state Attorneys General, are investigating various for-profit institutions and collecting evidence of erroneous job placement rates, misrepresentations of credit transferability, and other fraudulent behavior. ED should request specific evidence from the investigating federal and state authorities and review such evidence to determine appropriate restrictions on the flow of federal student aid funding to the schools that are the subjects of such investigations.

The Federal Regulations regarding misrepresentation (34 C.F.R. § 668.71), which were augmented by ED in 2010, allow the Department to restrict or revoke an institution's participation in Title IV federal student aid programs based on fraudulent behavior. It is important to note that the regulations do not require such fraudulent behavior to have been discovered by ED, allowing the Department to utilize the evidence that has been uncovered by other law enforcement or regulatory authorities, such as the U.S. Securities and Exchange Commission. We urge ED to develop partnerships with such authorities as quickly as possible, and to clarify the standards that would satisfy the Department's threshold for substantial misrepresentation sufficient to merit Title IV funding restrictions.

For the large number of for-profit institutions that are under investigation by federal and state authorities, we urge the Department to use evidence of fraudulent misrepresentation

uncovered by such investigations to place appropriate limitations on institution participation in the Title IV federal student aid programs. We look forward to your response.

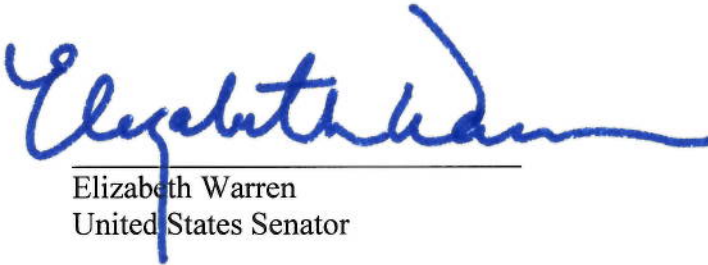
Sincerely,



Richard Blumenthal
United States Senator



Richard J. Durbin
United States Senator



Elizabeth Warren
United States Senator



Sherrod Brown
United States Senator