

Tracking #1k1-8xhf-025. (Same letter as #1k1-8xhe-1ok6 but with additional signatory)

July 12, 2017

Ms. Wendy Macias
U.S. Department of Education
400 Maryland Ave., SW.
Room 6C111
Washington, DC 20202.

By e-mail: Wendy.Macias@ed.gov

RE: Public Comment: Docket # ED-2017-OPE-0076

Dear Ms. Macias:

Please include the following public comment in Docket # ED-2017-OPE-0076:

**PUBLIC COMMENT FROM VETERANS SERVICE ORGANIZATIONS &
MILITARY SERVICE ORGANIZATIONS**

On June 9, 2017, 31 veterans and military organizations wrote the attached [letter](#) to Congress and Secretary DeVos requesting no delay in implementation of the Borrower Defense rule, which offers student loan forgiveness for students who have been defrauded, protects students from forced arbitration, thereby enabling them to seek relief in the courts if they've been defrauded, and requires financial responsibility triggers and warnings by colleges.

These protections are important to our organizations because service members, veterans, and their families are specifically targeted for fraud by unscrupulous colleges because of the 90/10 loophole in the Higher Education Act, as has been widely documented. The former head of the Office of Servicemember Affairs at the Consumer Financial Protection Bureau (CFPB), Holly Petraeus, explained that the 90/10 loophole incentivizes predatory colleges "to see service members as nothing more than dollar signs in uniform, and to use aggressive marketing to draw them in."¹

As you know, when predatory college recruiters defraud servicemembers, veterans, and their families, they frequently also load the students up with student loans, sometimes without the students' knowledge. Large numbers of veterans and servicemembers are affected: According to survey data from the Department of Education's (ED) "Beginning Postsecondary Students" survey, about 37% of veterans who began college in 2012 had student loans as of 2014. Similarly, a 2012 survey by the Financial Industry Regulatory Authority reported that 38% of military service members indicated that their households currently had student loans.

We were disappointed ED's [announcement](#) on June 14, that it plans to revise the Borrower Defense rule. As you undertake a revision, please ensure that defrauded service members, veterans, and their dependents, families, and survivors receive loan forgiveness, and please ensure that the many pending applications at the Education Department are quickly granted relief under the current regulations. Please also maintain defrauded students' access to the courts and their right to financially sound colleges through the financial responsibility triggers and warnings. To do otherwise would be an affront to those who have served their country.

Often, the lowest quality education programs are those that engage in the most consumer fraud of veterans. We were therefore disappointed by ED's concomitant [announcement](#) that it would revise the Gainful Employment regulation, which enforces the Higher Education Act's requirement that career

¹ Consumer Financial Protection Bureau, (2011). "Seeing servicemembers as 'dollar signs in uniform'". <https://www.consumerfinance.gov/about-us/blog/seeing-servicemembers-as-dollar-signs-in-uniform/>

education programs receiving federal student aid must “prepare students for gainful employment in a recognized occupation.” The rule requires career education programs at all types of colleges (public, nonprofit, and proprietary) to disclose basic information about program costs and outcomes and prevents funding for programs that consistently leave students with debts they cannot repay. As you know, several federal courts have already upheld the Gainful Employment metric of debt-to-earnings ratio to excise the worst performing programs. Because the rule eliminates funding for consistently failing programs, the Congressional Budget Office estimates that repealing the rule would increase spending by \$1.3 billion over 10 years.

Veterans express anger when they discover the federal government knew a program produced lousy student outcomes or was under law enforcement action for defrauding students, but allowed them to waste their time and GI Bill benefits enrolled in it. The Departments of Defense and Veterans Affairs rely on leadership by Education Department in determining which education programs are worthy of federal student aid. Therefore, it is critical that the Education Department ensure programs meet the federal statutory requirement of gainful employment in a recognized occupation.

The Education Department must do all it can to ensure that American heroes who have served their country are treated with honor and respect when they become college students, and that they can trust the federal government’s stamp of approval that a program is worth their hard-earned GI Bill benefits. The Department must take a firm stand against the predatory targeting of those who have served their country.

Thank you for your time and attention.

Sincerely,

Keith A. Reed
Headquarters Senior Director
Air Force Sergeants Association

Nichole King-Campbell
Air Force Women Officers Associated

Joseph Chenelly
Executive Director
AMVETS National Headquarters

Gary E. Hall
National Executive Director
Association of the United States Navy

Kathy Roth-Douquet
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Blue Star Families

Kristina Kaufmann
Executive Director
Code of Support Foundation

John R. Davis
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Lauren Augustine
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Got Your 6

Kristopher Goldsmith
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Peter James Kiernan
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Paul Rieckhoff
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Hershel Gober
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Military Order of the Purple Heart

Juliana Mercer
Managing Director
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Joe Wynn
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National Association for Black Veterans

Jon Ostrowski
Director, Government Affairs
Non Commissioned Officers Association

Joyce Raezer
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National Military Family Association

Carl Blake
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Deirdre Parke Holleman, Esq.
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Anthony Hardie
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Christopher Neiweem
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VetsFirst, a program of United Spinal
Association

Ted Daywalt
President
VetJobs