

Veteran Groups Decry VA's Plan to Relax For-Profit Schools Ties

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A new Department of Veterans Affairs proposal to relax current conflict-of-interest rules and allow employees to more easily become involved with for-profit colleges has veteran advocates concerned that the schools could have more influence within the department.

The VA is seeking public comment on its proposal to bypass a process that requires employees to obtain a waiver to work at or attend a for-profit college, according to a notice in the Federal Register.

The House Veterans Affairs Committee has asked that it be briefed on the proposal, which veteran advocates worry would give for-profit colleges — some of which are already under the microscope of federal investigators — access to veterans and their GI Bill benefits.

Under current law, Veterans Affairs officials and employees must be terminated if they “owned any interest in, or received any wages, salary, dividends, profits, gratuities, or services from, any educational institution operated for profit.” Exceptions can be made if the employee first obtains a waiver from the department. The VA also requires a waiver for employees to attend such schools.

Department officials are seeking to drop both waiver requirements and give all department employees the ability to work at a for-profit school part-time or attend classes as a student, said a department spokesman.

“There are likely thousands of VA employees who have some kind of connection with a for-profit educational institution, either as a student or as a part-time faculty member,” VA spokesman Randy Noller said in a statement to CQ. “To require individual waivers would be a tremendous waste of government resources, when we know that the duties of the vast majority of VA employees have no impact on for-profit educational institutions.”

Noller added that VA employees could still be terminated if they worked on policy issues involving a for-profit school they had a financial interest in, such as owning stock.

Advocates for student veterans have serious concerns about removing any barriers between for-profit colleges and the VA. Some for-profit schools, they say, put extra emphasis on enrolling veterans as a way to get around federal rules on how much federal student aid they can accept.

Currently, [no more than 90 percent of a college's](#) revenue can come from Title IV federal student aid distributed by the Education Department. But because the GI Bill is distributed by the VA for students to pay for school, enrolling veterans would allow for-profit schools to exceed that 90 percent cap.

In 2013, senators on the Veterans Affairs committee were warned that some for-profit colleges were using aggressive tactics, such as multiple calls and emails per day, to pressure veterans into enrolling in their schools.

Holly Petraeus, then the assistant director for the Consumer Financial Protection Bureau Office of Servicemember Affairs, told lawmakers at a hearing that some for-profits were going as far as to enroll student veterans with serious brain injuries, even though some of the students were not attending classes and did not have the ability to do the work.

“These institutions are pushing not only their educational programs, but also, in many cases, expensive private student loans to pay for the amount of tuition and fees not covered by the GI Bill,” Petraeus said at the time.

During the 2012 school year, for example, eight of the top 10 schools receiving funding through the post-9/11 GI Bill were for-profits, according to a 2014 Senate report. Of the eight for-profit schools that received the most funding through the GI Bill, seven were under state or federal investigation for violating federal law or for deceptive and misleading recruiting.

William Hubbard, vice president of government affairs for Student Veterans of America, also noted the contentious history between the schools and service members.

“We hope to ensure that there is no gray area — that protecting student veterans unquestionably remains top priority for the VA,” he said in a statement to CQ. “Historically, predatory schools have looked for any opportunity to exploit students and federal loopholes, and we hope this does not expose either audience to dubious interests.”

The Trump administration has already begun to [undo regulations](#) the Obama administration imposed on for-profits, such as a rule that would deprive funding from programs that left too many graduates in debt. The Education Department announced it would no longer share data with the consumer bureau, which took action against several for-profit schools.

The VA's proposal to loosen the rules comes amid lawmaker questions about for-profit schools.

The Education Department came under criticism from Democrats after [hiring Robert Eitel](#), the former vice president of Regulatory Legal Services at Bridgepoint Education, a for-profit school chain that the [CFPB cited last year](#) for "deceiving students into taking out private student loans that cost more than advertised."

Senate Democrats also [question](#) the Education Department's hiring of former DeVry University Dean Julian Schmoke Jr., to lead its Student Aid Enforcement Unit, a watchdog group established by the Obama administration to review colleges and universities for illegal actions.

“This is not how government works,” says Carrie Wofford, president of Veteran Education Success. “It’s supposed to be neutral and impartial and not helping a particular industry, especially an industry that has been documented to abuse veterans.”

The House Veterans Affairs committee has requested a briefing from Veterans Affairs on the proposed regulation, according to committee spokeswoman Tiffany McGuffee Haverly.

Democratic staffers on the committee are also seeking more information, and planned to keep an eye on the notice and potential regulation.

“Obviously, the notice raises concern for us,” said a spokesman for the committee’s Democrats, Griffin Anderson. “It is not clear why VA would grant blanket approval when a waiver system already exists.”