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MAKE COLLEGE AFFORDABLE ...By Closing Loopholes, Enforcing the Rules, and Holding Government Accountable

American students and their families deserve an efficient, accountable student loan system free of fraud and abuse.

Congress must protect student borrowers by closing loopholes, enforcing the rules, and holding government accountable. Critical steps include:

- **Penalizing college executives that break the law.** At Corinthian Colleges, deceptive practices, mismanagement and the Department of Education's failure to act led to disaster.¹ Now the college is bankrupt and students are scrambling to start over, but its executives have walked away. Executives at colleges that defraud their students or abuse federal funds should face real penalties.
- **Establishing a plan of action to identify, evaluate and punish violations.** Navient, one of the nation's largest student loan servicers, continues to profit from contracts with the Department of Education despite a \$100 million settlement with law enforcement for overcharging members of the armed forces.² The Department should make public a clear plan for how violations of the student loan rules will be identified, evaluated, and punished. For example, Federal Student Aid should include specific consequences for rule-breaking in its contracts with servicers and debt collectors.
- **Closing loopholes to protect veterans and taxpayers.** The federal government must strengthen rules to keep institutions from deceiving students and misusing federal funds. For example, it should close legal loopholes that permit for-profit schools to prey on veterans.³ The "90/10" rule caps for-profit college's allowable revenue from federal financial aid at 90%, but it excludes military education benefits like the GI bill from the definition of federal aid. Ending this exclusion would eliminate the incentive to deceive veterans and servicemembers to get access to their funds.
- **Increasing Department of Education transparency.** The Department must be held to the same high standard as the schools and servicers it oversees. Decision-making should be clear, uniform, and consistent. Congress should provide better oversight of the Department's actions, and should require the agency to make public the detailed data it collects on its own student loan program.
- **Implementing external checks on the Department of Education.** The student loan complaint system should be moved out of the Department of Education and over to the CFPB, which has independent expertise in this area. Borrowers should have a private right of action against the contractors who administer the federal loan program so students themselves can enforce their rights in court when they are harmed by a contractor and the government fails to act.

¹ David Dayen, Huffington Post, "Chipping Away At My Soul': Insiders Detail The Decline And Fall Of Corinthian's For-Profit College Empire," 6/4/15 http://www.huffingtonpost.com/2015/06/04/corinthian-colleges-loan-forgiveness_n_7492908.html

² Justice Department Reaches \$60 Million Settlement with Sallie Mae to Resolve Allegations of Charging Military Servicemembers Excessive Rates on Student Loans," available at <http://www.justice.gov/opa/pr/justice-department-reaches-60-million-settlement-sallie-mae-resolve-allegations-charging>; "FDIC Announces Settlement with Sallie Mae for Unfair and Deceptive Practices in Violation of the Servicemembers Civil Relief Act," available at <https://www.fdic.gov/news/news/press/2014/pr14033.html>.

³ The Atlantic, "The Downfall of For-Profit Colleges" 2/23/15 available at <http://www.theatlantic.com/education/archive/2015/02/the-downfall-of-for-profit-colleges/385810/>