

Below is the full transcript of Dr. Jason Altmire's 6/24/21 testimony at the U.S. Department of Education's negotiated rulemaking public hearing

I'm Jason Altmire, President and CEO of Career Education Colleges and Universities, the national trade association representing proprietary higher education institutions.

I want to begin by thanking the Department for its openness to us in these early stages of this process. We appreciate the many opportunities we have had to make our case and speak for our schools and students.

I want to be clear that we join you in support of accountability for schools and protections for students, and we look forward to working with you throughout this process to accomplish these goals in a fair and equitable way. We embrace Secretary Cardona's advice to students earlier this year when he said we must "learn to work with people you don't always agree with." And yes, there are issues where we disagree.

We strongly oppose creative interpretations of the words "Gainful Employment" to facilitate elaborate regulatory schemes based upon debt-to-earnings ratios that were never contemplated by Congress over five decades and eight reauthorizations of the Higher Education Act, the most recent of which I served on the conference committee that finalized the language.

We encourage the Department to consider alternative accountability measures that will apply to *all* sectors of higher education and protect *all* students equally. The Department has the authority to do this. The former Gainful Employment rule failed to protect the vast majority

of students who attend public and non-profit institutions representing nearly 70 percent of defaulted loan borrowers.

If the Department chooses to pursue regulations similar to those of the Obama Administration, we believe any income-based accountability measures should be based upon graduate earnings, should account for regional differences in labor markets, and be tailored to institutions based on student populations they serve. This includes special rules for programs where graduates are substantially compensated with tips and gratuities, often leading to underreporting of income.

New regulations should also consider factors that are beyond an institution's control. For example, changes to the amortization terms and interest rates in the previous formula would have resulted in significant variation in a debt-to-earnings ratio from year-to-year despite no change in program cost or quality.

On Borrower Defense, we *support* a fair process that enables students that have been defrauded by an institution and financially harmed to have their loans discharged. Within this process, it is critical that both institutions *and* students be afforded their basic due process rights.

There is a moral hazard risk associated with any process that enables students to have their loans discharged simply by filing a claim. Any new process must closely examine the facts of each case to carefully distinguish between legitimate and frivolous claims. Accordingly, we support an individualized adjudication process that examines in a timely manner the merits of every application submitted.

On another issue, the Department has a responsibility to monitor certain actions and events that signal potential financial concern; however, the Department should not create, contribute to, or exacerbate an institution's financial challenges.

Letter of credit demands should not be issued based upon *potential* liabilities. They should only be used when there is actual, material, and quantifiable risk to the government and students. Doing otherwise enables private parties to alter an institution's financial health with frivolous lawsuits or borrower defense claims.

We are also concerned by recent actions by the Department to arbitrarily require individuals who own 25 percent or more of an institution to sign certification forms to be eligible to draw down HEERF-3 funds. We are therefore concerned the Department may seek such guarantees from owners at proprietary institutions in other circumstances.

Such unsubstantiated data collections would be the very definition of arbitrary and capricious. Congress has limited the Department's authority to impose such prospective guarantees only when it is "*necessary* to protect the financial interest of the United States" *and* when the institution has failed to meet the financial standards that are specifically spelled out in the law. To exercise this extraordinary power, the Department must show specific findings as to why it believes an institution poses a financial risk. Those affected must likewise be permitted the opportunity to respond before a final determination is made. Thank you again for the opportunity to testify today, and we will submit written comments for the record.