

# **National Consumer Law Center Advocates Applaud New Rules Designed to Better Protect Online Students from Predatory Schools**

FOR IMMEDIATE RELEASE: DECEMBER 16, 2016 || Contacts: Jan Kruse (jkruse@nclc.org) or Abby Shafroth (ashafroth@nclc.org); 617.542.8010

(BOSTON) Today the U.S. Department of Education announced final rules to better protect online students and taxpayers from predatory and illegal actions by for-profit colleges. Expanding protections to online students is critical given the explosive growth into the sector by many of the same institutions that have been under government scrutiny for misconduct, such as Bridgepoint and the now-closed ITT.

“Distance online education is the fastest growing segment of higher education, with 1.2 million students recently enrolled in online education programs offered by out-of-state schools that participate in the federal student loan program,” said Abby Shafroth, an attorney for the National Consumer Law Center’s Student Loan Borrower Assistance Project. “Yet online education has remained the Wild West of the higher education world, with millions of federal student aid dollars at stake, few laws and no sheriff protecting students or taxpayers. We commend the Department of Education as this is a critical step toward ensuring that online students have the same rights and protections as students attending brick-and-mortar schools.”

The new rules will allow the Department to withhold federal aid funds from schools not authorized to operate in a given state. Importantly, the rules will not recognize authorization through a “state authorization reciprocity agreement” if the agreement prevents states from enforcing their consumer protection laws, including those designed to protect students. Thus existing agreements will have to improve if schools subject to the agreements want access to federal student aid.

The new rules will also help address the problem of schools enrolling students in job-specific programs, such as nursing or teaching, that will not qualify graduates for licensure in that occupation in their state. To be eligible to receive federal student aid for a program, schools will be required to certify that their gainful employment programs satisfy any requirements for licensing in the occupation in all states in which students are enrolled and state authorization to operate is required.

The National Consumer Law Center (NCLC) has highlighted the growing risk that lack of oversight and consumer protections creates for online education students and for taxpayers in a series of reports, including most recently Wake-Up Call to State Governments: Protect Online Education Students from For-Profit School Fraud (December 2015).

## **Additional National Consumer Law Center Resources**

- Comments to the Department of Education: Proposed Regulations Regarding State Authorization of Distance Education Programs, Aug. 24, 2016
- Report: Ensuring Educational Integrity: 10 Steps to Improve State Oversight of For-Profit

Schools, June 2014, Update to Step 2: Protecting Online Education Students, Dec. 2015

- Options for Relief from Predatory Schools, May 2015

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*NCLC's Student Loan Borrower Assistance Project provides information about student loan rights and responsibilities for borrowers and advocates. We also seek to increase public understanding of student lending issues and to identify policy solutions to promote access to education, lessen student debt burdens, and make loan repayment more manageable.*