

# THE SACRAMENTO BEE

## Democrats Loretta Sanchez, Kamala Harris diverge on for-profit colleges

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Four years ago, Rep. Loretta Sanchez toured a Westwood College facility in Southern California, her fourth visit to the campus.

Sanchez, now a candidate for U.S. Senate, said the career-focused institution was educating students practically through hands-on training.

“I have visited Westwood College several times over the past few years, and I deeply enjoy seeing how Westwood provides students with the skills they need to get a job,” Sanchez, D-Orange, said in a [prepared statement](#) issued shortly after the tour.

Westwood, like other for-profit colleges, was working to rehabilitate its image – and make friends in Congress. Earlier that year, Westwood reached a [\\$4.5 million settlement](#) with the Colorado attorney general’s office, providing \$2.5 million to students who were paying up to 18 percent interest on their loans. Three years before, in 2009, Westwood’s parent company [settled for \\$7 million](#) with the U.S. Department of Justice stemming from allegations it filed false claims for federal student aid at campuses in Texas.

Shortly after Sanchez’s tour, Westwood contributed \$1,000 for her re-election. The congresswoman’s relationship with the troubled [college](#), and her broader record on for-profit institutions, stands in stark contrast to her Democratic opponent, Attorney General Kamala Harris, who lists her efforts in helping close Corinthian Colleges, the Santa Ana-based for-profit chain, as among her principal achievements.

Sanchez has sided with the colleges in their protracted fights to fend off strict government regulations. In Congress, she’s contested Obama administration rules that most for-profit and certificate programs at private and public institutions would need to meet to qualify for federal student aid. In that time, Sanchez accepted about \$30,000 in campaign contributions from the colleges, or their interest groups and officials, federal records show.

The divergence between the two is notable given that college affordability and spiraling student loan debt are issues that resonate with Democratic voters. With Harris as the presumptive favorite, Sanchez's chances in the race hinge on her advancing in the June primary, setting up a head-to-head matchup in November.

Kevin Kinser, an expert on for-profit colleges at the State University of New York at Albany, said he has not seen the embattled institutions factor prominently in an election, and suspects most people view it as a marginal issue.

"But framed as who is looking out for the little guy, and who is defending the corporations, that may have more resonance," he said.

Sanchez was unavailable for an interview on the subject. In a statement, Sanchez campaign spokesman Luis Vizcaino said the congresswoman is a strong advocate for higher education but she understands that for many reasons, not everyone wants to or can go to a four-year college. That includes low-income, minority and older individuals, as well as military personnel living abroad who want to pursue a career while serving the country, he said.

"We cannot stigmatize all schools because of a few bad actors," he said. "Rep. Sanchez condemns and fully supports penalizing schools that lure students into high debt with little hope of a prosperous career. They should be held accountable to the fullest extent."

It's been seven years since the Obama administration set out to address what education officials have referred to as one of the largest problems in higher education: exploitative practices by career colleges. A prior attempt to create similar rules was struck down by a federal judge in 2012.

The U.S. Department of Education last year explained why its so-called "gainful employment" regulations were still needed: Students at two-year for-profit institutions spend on average four times as much as those at community colleges; more than 4 out of 5 students at for-profits borrow federal student loans compared with less than half of students at public schools; and while the for-profit students account for only 11 percent of the higher education total, they represent 44 percent of all federal student loan defaults.

New regulations took effect July 1, but continue to face legal challenges. Under the rules, typical graduates who earn enough money to keep their annual loan payments at under 8 percent of their incomes are considered gainfully employed. Programs exceeding the levels risk losing eligibility for federal student aid.

How to manage career and other higher education programs has not broken down along traditional party lines. In Congress, some Democrats representing impoverished communities joined Republicans in rebuffing earlier iterations of the rules. Kinser said they may have viewed

the regulations as restricting access to local students in need of job-training skills. Others may not have known the scope of the problems at the time.

Robert Shireman, a former deputy undersecretary who worked on consumer protection regulations at the U.S. Department of Education, said he remains unconvinced by arguments against the guidelines.

“Mostly my sense is people who were opposing the rule were either paid directly by the industry or protecting the industry for one reason or another – and in fact protecting the bad elements of the industry,” he said.

In his statement, Vizcaino said Sanchez does not support a 2015 bill by Rep. Virginia Foxx, R-North Carolina, that seeks to repeal gainful employment regulations.

Yet while many Democrats have targeted for-profit institutions, yoking their positions to the escalating costs of higher education, Sanchez’s record over the years shows she has resisted the regulations. Two years ago, she was an original co-sponsor of HR 4897 by Rep. Matt Salmon, R-Ariz.

It sought to prohibit the education secretary from issuing “gainful employment” regulations until completion of a data analysis of their impact. The Government Accountability Office then would need to review the analysis for accuracy and completeness.

Salmon argued the proposed regulation would curtail higher-education opportunities for millions of students at schools in every state.

Others cast the measure as a veiled attempt to put barriers in the way of the administration and create “hooks” the industry could use to sue the government. Shireman said under the current system a judge could strike down rules if an agency has been irrational or unreasonable.

“This would throw it in the direction of industry and say, ‘If you don’t do all of these things, then you cannot move forward at all,’ ” Shireman said. “It’s a bill that sounds like an innocuous thing to ask for but really is an attempt to stop” the rules from going forward.

Harris launched her offensive against Corinthian Colleges in 2013, suing the for-profit chain for intentionally deceiving prospective students about the value of degrees and exaggerating job-placement rates. Corinthian shut down last year. She also has opened investigations into Apollo Education Group and subsidiaries, including University of Phoenix, Bridgepoint Education and its colleges and joined a false claims case against Education Management Corp. that recently settled.

Harris has periodically raised the issue of the high cost of college and her tough stance on for-profit college companies in campaign stops. In a speech last year, she pledged to stand up “for all those students getting ripped off by diploma mills who exploit hardworking people.” The

colleges, she said to applause, too often saddle students “with a worthless degree and a lifetime of debt.”

While Harris has aggressively probed for-profit colleges, she has steered clear of Academy of Art University, a San Francisco-based for-profit that has had red flags about graduation rates raised in its accreditation process. Academy of Art President Elisa Stephens, a wealthy socialite, contributed more than \$16,000 to Harris’ campaigns for district attorney and attorney general.

To protect the integrity of its investigations, David Beltran, a spokesman in Harris’ office, said he can’t confirm or comment on any specific probes.

“But on this issue, Attorney General Harris’ leadership in launching an industry-wide investigation and holding many of the biggest and most predatory for-profit institutions accountable couldn’t be more clear,” he said.

Neal McCluskey, director of Cato Institute’s Center for Educational Freedom, said the closing of Corinthian was a turning point of sorts in the political battle over for-profit programs. It has become less palatable for lawmakers to support them because some of the campuses were located in their districts, he said.

“They had a lot of people who were suddenly out on the streets trying to recoup their money because they didn’t get degrees,” McCluskey said.

But setting the optics aside, McCluskey said for-profit colleges have been treated unfairly by governments. He said officials with access to taxpayer money often launch investigations that, even when they are successful, may only turn up a technical violation of an administration regulation.

“A lot of these colleges have had investigations, they have been smeared by attorneys general and other politicians, and often what happens is if they get sued they end up having to settle,” McCluskey said.

He added the reason for-profit schools tend to get poor outcomes is they deal with students in the most challenging situations to learn: They are disproportionately older, hold down full-time jobs and have families to support. Community college students may also perform badly, he said, but the debt they amass is not as high.

Sanchez’s stance goes back some time. In 2011, she joined with 57 Democrats and 231 Republicans to support another amendment aimed at scuttling gainful employment directives. The amendment was by Rep. John Kline, R-Minn., a top recipient of for-profit campaign contributions since 2010.

After the vote, Sanchez signed a letter to President Barack Obama expressing disappointment that the “misguided” gainful employment regulations were not being stopped.

The lawmakers wrote that the new rules would be so burdensome, and the projected impact so broad, “that many reputable schools, particularly those serving the most at-risk students, will be adversely impacted.”

Wrote Sanchez and the others, “These rules will limit student access to higher education while failing to effectively address problem schools and rising student debt.”