

June 17, 2010

The Honorable Arne Duncan
Secretary
U.S. Department Of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Dear Honorable Secretary Arne Duncan:

The purpose of this letter is to call your attention to a growing problem at homeless shelters across the United States. For-profit trade schools and career colleges are systematically preying upon our clients. These companies employ predatory recruiting tactics, promising our clients free government money, quality education, rosy job prospects, and the chance for a better life. The companies fail to deliver on the promises they make. Quite the opposite, for-profit schools devastate the financial stability of our clients by initiating a vicious cycle of over-borrowing and student loan default. We find it difficult to help homeless clients who have defaulted on student loans: with credit records shattered by student debt default, potential employers are hesitant to hire our clients, and potential landlords are hesitant to lease to our clients. To put it simply, the for-profit education industry in the United States is perpetuating unemployment and homelessness.

The exploitation of our clients by the for-profit sector is not a new phenomenon. In 1990, then Georgia Senator Sam Nunn held a series of hearings that exposed rampant fraud, waste and abuse in the for-profit education sector.

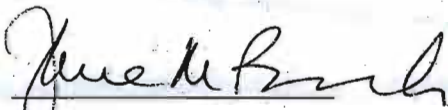
“Unwary Americans are being lured into so-called educational schools by sophisticated sales pitches that offer promises of bright futures, high paying jobs and Federal loans for financing. In fact, the students often end up with little or no training, no job and a large bill to repay the student loan. In some cases the students recognize the training is useless and they withdraw midway and end up liable for the entire loan while the school operators pocket a handsome profit. As a result, the student is worse off than ever, often defaults on the loan, and the American taxpayer ultimately picks up the tab.... As we all know, the Federal student loan program was originally designed to help low and middle income students receive a quality education, specialized training and eventually a secure and well-paying job. It was clearly never intended to ensure soaring profits for schools whose main interest and expertise seems to be processing of Federal student loans. [Senator Sam Nunn. February 1990. *Abuses in Federal Student Aid Programs: Hearings Before the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs. United States Senate. Pages 2 and 4*]

While predatory recruitment and lending to the homeless is not a new problem in the for-profit education industry, it is a substantially larger problem than it was nearly twenty years ago. In 1990, students attending for-profit education companies borrowed less than \$5 billion from the Title IV program; in 2009, students attending for-profit education companies borrowed \$28 billion from the Title IV program.¹

The for-profit education industry's seductive marketing messages and well-trained, unethically-incentivized recruiters are out-maneuvering lower-priced, higher-quality post-secondary alternatives. For-profit recruiters opportunistically target homeless men, women, and youth, luring them into taking on thousands of dollars in excessive debt. Disturbingly, many of those targeted have significant literacy challenges and little possibility for benefit. Saddled with a mountain of debt that is unsupported by educational outcomes promised but not delivered, our clients all-too-often default on their debts and fall into a downward spiral of recidivism. Our homeless clients are trapped after attending for-profit schools. These schools not only compromise their job and housing prospects, but also take away their opportunity for a real education. Sadly, after attending for-profit schools our clients cannot retrain or continue their education because student loan defaults disqualify them from receiving further federal financial aid.

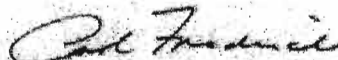
We understand that the Department of Education is working to introduce new safeguards that would offer our homeless clients additional protection from these unscrupulous companies. For many, developing new skills and training through education is an enduring solution to homelessness. As such, we unequivocally support the Department of Education in its efforts, and we look forward to the day when our clients can return to higher education without fear.

Sincerely,



Jane Burch, CEO

New Beginnings for Women and Children, Tucson, AZ



Carol Fredrich
President & CEO
Lutheran Metropolitan Ministry
Cleveland, Ohio



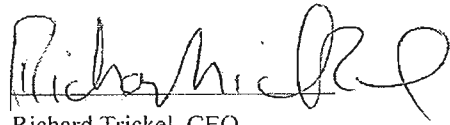
Larry James, President & CEO
Central Dallas Ministries
Dallas, Texas



Jennifer D. Brandon, Executive Director
Community Voice Mail National
Seattle, WA



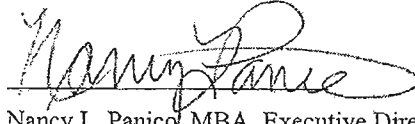
Michael P. Meehan, Ph.D.
Epworth Children & Family Services
St. Louis, Missouri



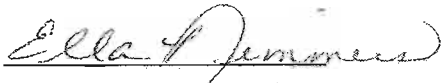
Richard Trickel, CEO
The City Mission
Cleveland, OH



Neil J. Donovan
Executive Directive and President
National Coalition for the Homeless
Washington, DC



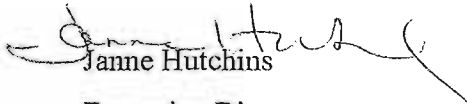
Nancy L. Panico, MBA, Executive Director
Open Inn, Tucson Arizona



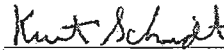
Ella Nimmers, Executive Director
Our House, Inc., Monroe, LA



Eileen McComb
Program Director
Noel House Programs
Seattle, WA



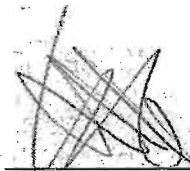
Janne Hutchins
Executive Director
Lakewood Area Shelter Association
Tacoma, WA



Kurt Schmidt, Community Services/Shelter Supervisor
North Central WV Community Action Association, Inc.
Scott Place Homeless Shelter



Lin Tyler
Board President
Lakewood Area Shelter Association
Tacoma, WA



Roy E. Tullgren III
Executive Director - Pastor
Gospel Rescue Mission
Tucson, AZ



Alma Duldulao-Ybarra, Interim President & CEO
Coalition For The Homeless, Houston, Texas

Interim President + CEO



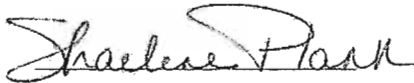
Chip Joseph, Executive Director
YMCA/Y-Haven, Cleveland, Ohio



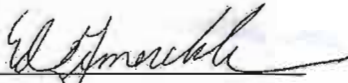
Sara Cohen, Case Manager
Shelter NOW, Meriden, Connecticut



Dennis H. Parnell, MSW, LCSW, LCAS, CCS
President/CEO
The Healing Place of Wake County
Raleigh, NC



Shaelene Plank, Director of Community Services
Youth Emergency Services, a program of Epworth Children & Family Services
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St. Louis, MO 63130



Ed Gernerchak, MA, MSW, LISW
Associate Director, Men's Shelter Services
MHS, Inc.,
1550 Superior Ave., Cleveland, OH 44114

P.S. Homeless men & women in Cleveland, OH
are being targeted by for-profit schools. I know
of 6 cases in one of my shelters today. We hope
you can help address this important issue. Thank you.

¹ Student Loans Overview: Fiscal Year 2011 Budget Request, Department of Education, page T-25.