



COMMITTEE ON
**EDUCATION
& LABOR**
REPUBLICANS

**COMMITTEE
STATEMENT**

**Opening Statement of Rep. Virginia Foxx (R-NC), Republican Leader
Committee on Education and Labor Hearing:
"For-Profit College Conversions: Examining Ways to Improve Accountability and
Prevent Fraud"
April 20, 2021**

(As prepared for delivery)

"Our education system is in crisis.

High school graduation rates are declining, the nation's skills gap is growing, COVID-19 pandemic polices have led to years' worth of learning loss, federal student debt tops 1.5 trillion dollars, college costs continue to skyrocket, campus free speech is under attack, and China is infiltrating U.S. campuses.

All these issues are deserving of Congress' time and attention, so you can imagine my surprise when I learned we were ignoring these important, pressing topics to examine colleges transitioning from for-profit to non-profit status, which impacts roughly zero point one percent of for-profit colleges per year, or approximately three schools a year. In the past decade only 35 such colleges transitioned to non-profit status.

So, to the millions of students wondering why Congress hasn't acted on campus free speech zones, Chinese Communist party censorship, and exorbitantly high tuition rates – I say look no further than this hearing today.

Democrats want to discuss the possibility of a narrow type of fraud in higher education, specifically the potential for some stakeholders to receive improper benefits when non-profit organizations acquire for-profit colleges. Committee Republicans are against all fraud and abuse no matter the tax status of the institution. Sadly, Democrats are more interested in chasing phantoms than they

are working with Republicans on issues that are actually important to students. Republicans will continue our work to improve the odds that students succeed after attending postsecondary education.

But let's return to why Democrats called this hearing. I'd like to make several important points about the Government Accountability Office (GAO) report Democrats will highlight, which investigated when for-profit colleges became non-profit entities.

First, transitioning from for-profit to non-profit is completely legal. Second, if any of my Democrat colleagues read past the report's title, they would know two of the three GAO recommendations are outside this Committee's jurisdiction.

Additionally, the GAO report flagged that one-third of the 35 proprietary institutions that became non-profits had insider involvement. While that term may sound nefarious, it is a far cry from real harm inflicted upon students, which is where we should be focusing our efforts and attention.

Today's hearing is just another example of Democrats trying to manufacture headlines to advance their partisan objectives, even if those policies limit student choice and freedom.

As I have repeatedly said, oversight is a critical function of Congress, and we must protect the use of taxpayer funds – a responsibility I take very seriously. But this hearing fails to address substantively the ways higher education has failed students. President Obama presided over several of these transitions, but Democrats remained suspiciously quiet. Now that we are coming off four years of President Trump, whose Department of Education strengthened the bureaucratic review of this non-profit conversion process, we are fabricating a crisis to rally support for a socialist overhaul of our education system. It wasn't a pressing problem eight years ago and with the GAO determining there's been no fraud, it isn't a pressing problem now.

The federal government should not be in the business of picking winners and losers. Yet Democrats are actively working to eliminate proprietary institutions. For a party that loves to talk about diversity in higher education, it is ironic they are attacking institutions that educate hundreds of thousands of minority students, veterans, older Americans, and single parents.

The Higher Education Act is in desperate need of reform, so all colleges – not just those Democrats demonize – are held accountable and better serve students.

When it comes to postsecondary education, the question we should be asking is whether students are getting the education they need to be successful.

Unfortunately, even before the pandemic disrupted schools, jobs, and families, polling suggested 53 percent of recent college graduates are unemployed or underemployed. At the same time, millions of jobs sit unfilled due to the skills-gap, demanding more students obtain a skills-based education which many proprietary institutions offer.

Those are the issues facing students and higher education, not whether the president of a for-profit university kept his job when the university's tax status changed.

While the purpose of today's hearing is questionable, I look forward to hearing from our witnesses and engaging in productive conversation. I yield back."

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