

RON JOHNSON, WISCONSIN, CHAIRMAN

JOHN MCCAIN, ARIZONA
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
JAMES LANKFORD, OKLAHOMA
MICHAEL B. ENZI, WYOMING
KELLY AYOTTE, NEW HAMPSHIRE
JONI ERNST, IOWA
BEN SASSE, NEBRASKA

THOMAS R. CARPER, DELAWARE
CLAIRE McCASKILL, MISSOURI
JON TESTER, MONTANA
TAMMY BALDWIN, WISCONSIN
HEIDI HEITKAMP, NORTH DAKOTA
CORY A. BOOKER, NEW JERSEY
GARY C. PETERS, MICHIGAN

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

CHRISTOPHER R. HIXON, STAFF DIRECTOR
GABRIELLE A. BATKIN, MINORITY STAFF DIRECTOR

October 20, 2016

The Honorable Robert McDonald
Secretary
810 Vermont Avenue
U.S. Department of Veterans Affairs
Washington, D.C. 20201

Dear Secretary McDonald:

I write today to share with you the findings of an inquiry my staff completed into the federal government's response to school closures and the policy changes needed to protect veterans when closures occur.

As you know, in September 2016, ITT Technical Institutes filed for bankruptcy after announcing the closure of all of its 136 campuses in 38 states. In April 2015, Corinthian Colleges, Inc. filed for bankruptcy and announced the closure of its remaining 30 campuses. Before closing their doors, these leading operators of for-profit colleges received more than \$1 billion in Post-9/11 GI Bill funds.

The impact of these school closures on veterans and their families has been significant. Nearly 9,000 veterans—including over 6,800 at ITT Technical Institutes—were actively pursuing their education at schools that have shut their doors since fiscal year 2013. Because transferring credits to another school can prove difficult, school closures put veterans at risk of exhausting their benefits before they are able to graduate. School closures also abruptly end monthly housing allowance payments that provide support for living expenses, such as rent or a mortgage, while veterans are in school.

Our inquiry found that Post-9/11 GI Bill veterans have substantially fewer protections when schools close compared to federal student loan borrowers. For example, the Department of Education has discharged federal student loans for over 11,000 borrowers who attended Corinthian Colleges and has begun taking steps to provide similar relief to students who attended ITT Technical Institutes. Unfortunately, there are no comparable protections for Post-9/11 GI Bill students. Under current law, the Department of Veterans Affairs (VA) does not have the authority to restore Post-9/11 GI Bill educational benefits when schools permanently close. Moreover, VA does not have the authority to provide any extension of housing allowance benefits following school closures.

As a result, our report recommends a number of actions Congress and VA should take to assist veterans harmed by school closures. These recommendations include action by Congress to restore benefits to veterans harmed by school closures and action by VA to

strengthen oversight of schools receiving Post-9/11 GI Bill funds. Importantly, our report also recommends that Congress should consider allowing VA to require schools that pose certain financial risks to set aside funds that could be used to reduce the cost to taxpayers of restoring benefits to the veterans harmed when schools close.

The Post-9/11 GI Bill represents a considerable investment of taxpayer dollars in the educational and economic future of our nation's veterans and their families. Ensuring that comprehensive relief is also available to Post-9/11 GI Bill students when schools close is a matter of fairness and critical to honoring the service and sacrifice of our veterans. Put simply, our veterans deserve better than to attend schools that abruptly close and leave them without a path to a degree and without a way to pay their rent or mortgage.

Enclosed with this letter is a copy of our report. I thank you for your commitment to public service and our nation's veterans and their families.

With best personal regards, I am

Sincerely yours,



Tom Carper
Ranking Member

Enclosure

cc: The Honorable Ron Johnson
Chairman