

# \$40 Billion for Colleges

Kery Murakami    March 8, 2021

<https://www.insidehighered.com/news/2021/03/08/senate-approves-40-billion-colleges>

Congress is poised to send another \$40 billion in aid to the nation's colleges and universities after the Senate approved a \$1.9 trillion coronavirus relief bill Saturday. The House is expected to pass the measure -- which contains the largest infusion of help to higher education approved by Congress during the pandemic -- as soon as Tuesday, sending it to President Biden for his signature.

Biden called the Senate's passage of the bill "historic" and a "giant step forward" in providing help to Americans during the pandemic.

The money will be distributed to public and private institutions. Colleges and universities are required to spend at least half of the money on emergency grants to students. Whether undocumented and international students can get the help, however, still hasn't been [decided](#) by the Education Department.

The Senate's approval of the relief package was also a victory for those who have long called for closing a loophole in federal law that they say gives for-profit institutions an incentive to recruit veterans and military service members.

A provision that would close the so-called 90-10 loophole by changing how GI Bill dollars are counted survived a last-minute attempt by Senator Tim Scott, a Republican from South Carolina, to remove it from the relief bill. However, to stave it off, Democrats agreed to a bipartisan amendment, during a more than 24-hour-long session that lasted through the night to Saturday morning, to not carry out the change for two years.

The Senate's passage of the bill was also a victory for those pressing for the cancellation of student debt. The Senate approved another amendment that would exempt any amount that is forgiven from federal taxes for five years, should Biden or Congress decide to cancel any debt.

Advocates had worried that should debt be canceled, borrowers would have to pay more in taxes than they would have otherwise had to spend on repaying their loans.

"This clears the way for President Biden to [#CancelStudentDebt](#) without burdening student borrowers with thousands of dollars in unexpected taxes," Senator Elizabeth Warren wrote on Twitter Sunday. Warren, a Democrat from Massachusetts, and Robert Menendez, a Democrat from New Jersey, sponsored the amendment making any amount canceled tax-free.

Warren and other progressive Democrats in Congress have called on Biden to cancel \$50,000 from the debt of each student loan borrower. But Biden has [said](#) he does not have the authority and questioned the fairness of canceling the debt of graduates from elite universities.

The debate over the 90-10 rule has long been a contentious one between the for-profit industry and its critics. Currently, colleges and universities are required to get at least 10 percent of their revenue from sources other than the federal government. That limits the share of the income the institutions can get from students' federal aid to no more

than 90 percent. Those not meeting the rule are barred from being able to receive any of the more than \$100 billion the federal government gives out each year through student aid.

The rule was enacted under the theory that for-profits, if they are of quality, should be able to get at least 10 percent of their revenue from students willing to pay to attend or from employers subsidizing the cost of their workers getting training at the institutions. However, critics of the for-profit industry have long complained the rule does not count the money service members and veterans use for their education through the GI Bill at for-profits as federal dollars.

Because the GI Bill dollars count toward helping for-profits meet the 10 percent minimum requirement, advocacy groups like Veterans Education Success have argued that the rule gives for-profit institutions an incentive to aggressively recruit service members and veterans, leading many of them to be defrauded by low-quality institutions.

The relief bill would remove that incentive by beginning to count GI Bill dollars as federal money.

Career Education Colleges and Universities, the industry group for for-profit institutions, had argued that if the GI Bill dollars were to count against meeting the 10 percent minimum requirement, the for-profits could begin turning away veterans and service members.

Critics of the for-profit industry, though, strongly disputed the argument. "That's ridiculous, as well as illegal," said Carrie Wofford, president of Veterans Education Success, on Saturday. "Any school that blocks enrollment to veterans will get hauled into court for illegal discrimination. Closing the loophole simply restores the 90-10 law to its purpose: to ensure taxpayer dollars aren't artificially propping up failing private corporations offering such low quality that they cannot attract employer-funded or private-paying students."

However, concerned that at least one Democrat would side with Scott's amendment to kill the provision, Democrats agreed to support a bipartisan compromise sponsored by Republican senators Jerry Moran, of Kansas; James Lankford, of Oklahoma; and Bill Cassidy, of Louisiana, as well as Democratic senator Tom Carper, of Delaware.

The amendment instructs the Education Department to put off beginning its rule-making process to make the change in how the GI Bill dollars are counted until October. The amendment would also not begin counting the GI Bill dollars as federal dollars until the institutions' 2023 fiscal year.

The change was not considered to be a significant delay because the department may not have finished changing the rule until next year, anyway, and begun implementing it until the following year.

But Moran said on the Senate floor, when the amendment was taken up at about 7 a.m. Saturday, that it would give Congress time to come up with a bipartisan way to address the issue.

"We need to make sure we do it in the right way, make these changes in the correct way, and we need to ensure that we put the policy back in the perspective of not politics but the right answer," he said.

The five sponsors of the amendment had proposed a [measure](#) in 2009 that would have also changed the way GI Bill dollars are counted but allowed for-profit institutions that

provide "high-quality academic or job-training programs" to appeal being penalized for not meeting the 90-10 rule.

Jason Altmire, Career Education Colleges and Universities' president and CEO, called for Congress to find a compromise before the changes kick in. The delay "will allow time for a fair, rational, and permanent solution for an issue that has been driven by partisan politics for far too long," he said in a statement.

But unless Congress decides to shift course on the provision in the relief package, the loophole is now set to close.

"This is a game changer. Finally, after a decade of our asking, Congress is going to stop the ugly harassment of veterans by for-profit colleges," Wofford said. "Of course, we wish it would stop immediately, but we'll take the delay to secure bipartisan support."

The change "will help undercut the aggressive recruitment efforts of for-profit colleges at a vulnerable time in the pandemic, and better protect low-income students, women, and students of color, along with the veterans most directly impacted," said Debbie Cochrane, executive vice president of the Institute for College Access and Success.

**Meanwhile, the \$40 billion in aid for higher education would surpass the \$14 billion colleges and universities received in last March's CARES Act** and

the [\\$22.7 billion](#) they received in December's \$900 billion relief package.

American Council on Education president Ted Mitchell hailed the Senate's approval of additional help.

"While this amount falls short of our most recent estimate of at least \$97 billion in student and institutional needs," he said, "it still represents the largest federal effort so far to assist students and families struggling to cope with lost jobs or reduced wages, and colleges and universities facing precipitous declines in revenues and soaring new expenses."