



January 30, 2020

The Honorable Gurbir Grewal  
Attorney General of the State of New Jersey  
Office of the Attorney General  
Richard J. Hughes Justice Complex  
8th Floor, West Wing  
25 Market Street  
Trenton, NJ 08625-0080

Dear Mr. Attorney General:

As the leaders of New Jersey Citizen Action, the American Federation of Teachers New Jersey and the Health Professionals and Allied Employees, organizations fighting to end the student debt crisis in our state, we write to you today in the hope that you will take action against Education Secretary Betsy DeVos for violating federal law and pushing through a deeply flawed repeal of the US Department of Education's (DOE) Gainful Employment rule, which provides critical protections for students at, or considering enrolling in for-profit and career college programs.

On January 22, 2020 the National Student Legal Defense Network (Student Defense) filed a landmark federal lawsuit (attached) on behalf the American Federation of Teachers, the California Federation of Teachers and individual members, targeting the Trump administration's illegal repeal of the rule. We ask that you take a similar action of your own, or join the Student Defense law suit.

As you are well aware, more than a million New Jerseyans, young, old and from all walks of life, owe more than \$40 billion in student loan debt. Many of these borrowers amassed debt from predatory for-profit college programs that left them without a valuable degree or the ability to get a better job. Many have put off starting families or buying homes because they owe enormous debt dubbed "houseless mortgages." Seniors are reaching into their retirement to pay off student loan debt of their own, their children, or grandchildren. The education pipeline for new teachers, nurses and other critical professionals in our workforce narrows every day as horror stories spread about scams and programs that leave students with debt their potential salaries could never repay.

We firmly believe that the Gainful Employment rule is desperately needed to protect students from predatory for-profit colleges and vocational schools guilty of aggressively marketing and promoting expensive programs that leave students without the degrees or certifications they were promised and with exorbitant debt they cannot repay. The rule ensures that students and their families have critical program cost details and performance outcome data they need to make informed decisions about where and what to study.

The Gainful Employment rule, which took effect in 2015, established a DOE standard for most for-profit colleges and vocational programs based on a “debt-to-earnings ratio.” Under the rule, a program meets the DOE standard if annual student loan payments are no more than 8% of graduates’ annual earnings, or 20% of their discretionary income. The ratio is critical to understanding the affordability of schools and their programs. By eliminating the rule, Secretary DeVos has left potential students at the mercy of for-profit schools with a documented history of leaving borrowers with worthless degrees and tens of thousands of dollars of debt.

New Jersey Citizen Action, the American Federation of Teachers New Jersey and the Health Professionals and Allied Employees applaud you for your leadership in defending students and holding predatory and abusive student loan servicers, for-profit colleges and vocational schools accountable through enforcement actions and lawsuits. We are proud of your vocal stance against the Trump administration, Secretary DeVos and the Consumer Financial Protection Bureau Director Kathy Kraninger and her predecessor, Mick Mulvaney, when they have rolled back protections and implemented policies that help industry and hurt students. We call on you now to stand up once again on behalf of the millions of New Jerseyans who want an education accountable on that will lead to prosperity, not financial ruin!

Sincerely,

Phyllis Salowe-Kaye  
Executive Director  
New Jersey Citizen Action

Donna M. Chiera  
President  
American Federation of  
Teachers New Jersey

Deborah White  
President  
Health Professionals and  
Allied Employees