

Yes, they are back. Some of the culprits who came up with the idea of subprime mortgage lending are back with a new and equally devastating hustle. As opposed to going into Fannie Mae and Freddie Mac to convince executives to corrupt an important process, they are going to the US Department of Education. We lost over 35% of our net worth from the mortgage crisis. Our homes weren't enough as now they are targeting the financial aid streams for Black students. If they have their way, we again will be financially damaged and our futures hurt all for the sake of quick money hustling. It is evil and it is racial as it targets schools that serve minority communities the most. It is extremely important that we become active and vocal about this threat. The future of our children is on the line. Remember, you can be a political activist or a political victim – there is no in between. The following is my take on this urgent matter. Please read and begin your protest.

Nearly half of all students who pursue academic programs at for-profit college programs are minorities. Many are “non-traditional” students – single parents, veterans, full- or part-time working adults. Therefore, when federal financial aid is cut to for-profit schools, it will be minority and low-income students who are disproportionately hurt. Of course, this is exactly the opposite intent of the new Gainful Employment rule, which was ostensibly embellished to protect students from overwhelming debt. Yet the rule, released on June 2 after a year of acrimonious debate and over 90,000 public comments, is fundamentally flawed

By singling out career colleges, where “high risk” students account for 51% of the student population, it embodies a serious bias against minorities and the poor. Without federal student aid to attend a culinary arts or nursing program, for example, many minorities will be forced to abandon their studies. Tragically, at a time when unemployment figures in the African American community are in the double-digits (a staggering 41.6% among African American teens, as compared to 24.2% of teens overall) and when, according to the College Board, just 26% of African Americans have at least an associate degree, it is our most vulnerable students who will be most hurt by this ruling – not helped.

Congress needs to stop this rule and go back to the drawing board. The fact *that* the department created this harmful rule is harmful enough, but *how* they went about doing it deserves close scrutiny and thorough investigations.

Good government groups such as Citizens for Responsibility and Ethics in Washington (CREW) have repeatedly uncovered a rulemaking process that was inappropriately guided by Wall Street

short-sellers. Growing evidence shows an “inside job” of sorts, involving Wall Street financier, Steven Eisman, and Education Department executives, such as Deputy Undersecretary Robert Shireman, throughout the rule-making process. In Congressional testimony and in highly publicized presentations to the investment community, Eisman browbeat the for-profit college sector, “predicted” its collapse, and then handily profited on short selling the colleges’ stocks. The entire shady process was discovered through Freedom of Information Act requests and reported in the media.

The Department of Education has still not explained why it has unfairly made a scapegoat out of for-profit career colleges, on which minorities and low-income students heavily depend. The only rationale has been a discredited study by the Government Accountability Office. The Senate’s Health Education Labor and Pensions (HELP) Committee staff pressured the Government Accountability Office at the eleventh hour to produce an investigative report on for-profit-colleges. The hastily produced report was later revised to correct at least 16 “errors” that prejudiced the findings against career colleges. Why has the Department of Education continued to rely on that discredited report to justify passage of the new rules? And why do Senators continue to use inaccurate data on the Senate floor?

In the wake of ongoing requests by leadership in the Congressional Black Caucus and others, such as the Reverend Jesse Jackson and the Urban League’s Mark Morial, Congress must draft comprehensive legislation that addresses the issue of America’s student debt across-the-board. It must create reform that is fair and effective and a remedy for colleges across the board -- not just the career college sector.

The National Black Chamber of Commerce calls upon Congress to conduct a thorough investigation into the improprieties in the rulemaking process, including the suspicious role of Education Department officials, such as Robert Shireman. A biased process produced a misguided and harmful rule and must be reversed by the Congressional Review Act or other means. Let us all rise to meet and defeat this challenge to the future of our children.

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