

States Urged to Step Up Protections for Online Education Students

FOR IMMEDIATE RELEASE: December 10, 2015, Contact: Jan Kruse jkruse@nclc.org, 617-542-8010,

States Urged to Step Up Protections for Online Education Students Tremendous Growth in For-Profit Online Distance Learning Leaves Students at Risk

Download the policy brief, including facts on large online schools: <http://bit.ly/21POxTJ>

(BOSTON) Hundreds of thousands of online education students lack protections that many states provide for students attending brick-and-mortar schools. According to a new policy analysis from the National Consumer Law Center (NCLC), states have largely turned their backs on online education students whose schools lack an in-state physical presence. Yet, a majority of the largest online education schools are owned and operated by the same for-profit companies that have been the subject of multiple law enforcement investigations and actions.

Most states exempt online programs offered by out-of-state for-profit companies from oversight. In addition, 34 states, many through authorizing legislation with little or no debate, have joined weak State Authorization Reciprocity Agreements (SARAs) in lieu of protecting students who attend these schools. As currently drafted, these agreements exempt schools from having to comply with state consumer protections aimed at preventing for-profit school fraud. States should enact legislation providing equal protection to online education students. In addition, states should only sign SARAs if they are revised to more equitably address consumer and state interests.

NCLC's analysis identifies 10 problems and remedies that states can use to restore fairness for all parties in SARAs. For example, states should:

- Refuse to sign SARAs unless they require schools to comply with consumer protection laws for each state in which they market, including prohibitions targeted to unfair and deceptive business practices, cancellation and refund rights, requirements for enrollment agreements, and payment into student protection funds sufficient to cover students' economic losses caused by school closures.
- Demand that SARAs allow states to sign on for education sectors that pose less risk to students and taxpayers (such as public schools) while opting out of signing on for schools that pose greater risk (such as for-profit schools).

"Online higher education students deserve the same protection from for-profit school fraud as students attending brick-and-mortar schools, yet most states either exempt such schools from state oversight or have signed toothless state reciprocity agreements that prevent states from enforcing for-profit school consumer protection laws," said National Consumer Law Center attorney Robyn Smith. "With online learning the fastest growing sector in higher education, it's time for states to update laws to avoid yet more predatory fleecing of students and taxpayers."

###

Since 1969, the nonprofit **National Consumer Law Center®** (NCLC®) has worked for consumer

justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. www.nclc.org

*NCLC's **Student Loan Borrower Assistance Project** provides information about student loan rights and responsibilities for borrowers and advocates. We also seek to increase public understanding of student lending issues and to identify policy solutions to promote access to education, lessen student debt burdens, and make loan repayment more manageable. www.studentloanborrowerassistance.org*