

Private For-Profit Colleges:

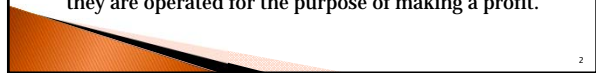
Are They a Good Deal, or a Path To Bankruptcy?

What to Know Before You Enroll



What are Private For-Profit Colleges?

- ▶ Private for-profit colleges are postsecondary institutions that offer an array of educational options from small vocational programs to traditional degree programs.
- ▶ They differ from their public counterparts in that they are managed and governed by private organizations and corporations.
- ▶ They differ from their non-profit counterparts in that they are operated for the purpose of making a profit.



For-Profit Colleges Can Offer Valuable Benefits:

- ▶ Flexible Schedules that may help students manage work and family obligations while attending school
- ▶ Shorter Programs which allow students to obtain their certificate or degree more quickly
- ▶ Online options & innovation provide opportunities for non-traditional students
- ▶ Capacity in an environment where community colleges and other postsecondary institutions are filling to capacity



However...

- ▶ Unlike non-profit and public educational institutions, for-profits have an obligation to maximize profits for their shareholders.
- ▶ This obligation presents a potential conflict with the objective of increasing access to a quality higher education
- ▶ “Internal company documents provide examples of tuition increases being implemented to satisfy *company profit goals, that have little connection to increases in academic and instruction expenses...*”
(Senate HELP Committee – 2012)



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Misleading Students

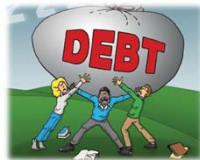
- ▶ A recent Congressional Report (2012) revealed that many for-profits have used tactics that **mislead prospective students** with regard to:
 - The cost of their program
 - The availability and obligations of Federal aid
 - The time to complete their program
 - The completion rates of other students
 - The job placement rate of other students
 - The transferability of credits, or
 - The reputation and accreditation of the school



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Expense and Student Debt

- ▶ **For-Profit Colleges are often far more expensive than their public counterparts**
 - **Bachelor's degree programs** average **20 percent** more than the cost of comparable programs at flagship public universities
 - **Associate degree programs** averaged **four times** the cost of degree programs at comparable community colleges
 - **Certificate programs similarly** averaged **four and a half times** the cost of such programs at comparable community colleges.
- ▶ **For-profit colleges rarely set tuition below available Federal student aid.**
- ▶ **As a result, students who attend for-profit colleges often take out sizable loans to help pay the high tuition at for-profit colleges.**



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Worth it?

▶ Several recent studies, including major Congressional reports (the HELP Reports, which examined 16 large for-profits) have revealed that many students who attend for-profit colleges experience disastrous outcomes all too often, such as:

- ▶ **High withdrawal rates**
- ▶ **High student loan debt**
- ▶ **High rates of student loan default by graduates**
- ▶ **Inability to transfer credits**



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What to Know Before You Enroll

- ▶▶ The Law
- ▶▶ The Facts
- ▶▶ Your Rights
- ▶▶ Available Resources

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The Federal Government

- ▶ The Federal laws related to eligibility for financial aid could have a substantial impact on private for-profits.
 - A school must meet certain benchmarks and abide by specific law and regulation in order to be eligible to receive federal student aid.
- ▶ Federal agencies like the recently created Consumer Protection Financial Bureau and the Federal Trade Commission, which enforce laws related to consumer protection and advertising practices have an impact as well.

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Impact of the Concepcion Case

AT&T Mobility L.L.C. v. Concepcion, 131 S. Ct. 1740 (2011).

- ▶ The Court held that the Federal Arbitration Act preempted California's judicial rule routinely finding class action waivers in consumer contracts to be unconscionable
- ▶ Translation for our purposes: For-Profits can put mandatory arbitration agreements in enrollment contracts.
- ▶ Underscores the importance of agency and state oversight and enforcement

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California



▶ Recent Legislation in California:

- **2009:** California Private Postsecondary Education Act
- **2012:** AB 2296 (Block)

▶ Oversight Body:

- California Bureau of Private Postsecondary Education (BPPE) is tasked with overseeing California's Private Postsecondary institutions

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In California...Schools MUST Provide Students:

▶ **School Catalog**

- **Provided PRIOR to enrollment:** Including information about accreditation, and if the school is unaccredited - known limitations to degree programs

▶ **School Performance Fact Sheet**

- **Provided PRIOR to enrollment:** Including: Job placement rate, License exam passage rate, salary / wage information, loan default rates, percentage of students receiving federal aid

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School Website

▶ Must Include:

- School Catalog
- Performance Fact Sheet
- Student Brochures
- Link to BPPE Website
- Most recent annual report



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Other enforcement activity: Nationwide

- ▶ Several state Attorney General investigations, and civil complaints related to issues such as business practices and advertising and recruiting practices
- ▶ Securities and Exchange Commission (SEC) investigations
- ▶ Consumer Financial Protection Bureau investigations
- ▶ Federal Trade Commission (FTC) Investigations

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Use Caution when selecting a college



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The Art Institute

(July 30, 2015 on TBS at 10:48am – National)

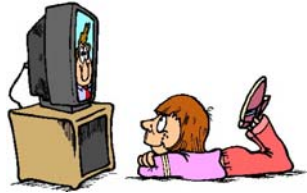
▶ Let's break it down...

- \$18,600 is 20% of **\$93,000**. At this rate, even with the scholarship, you would be paying **\$73,400** for your bachelor's degree.
- The Art Institute has programs in Media Arts, for example – San Diego State University (SDSU) offers bachelor's degrees in majors that closely parallel these. Tuition for four years at SDSU: **\$27,904.00**

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Education Connection

(August 11, 2015 on Comedy Central at 9am
– National spot)



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Websites

education
connection

eLearners.com

EarnMyDegree

StudyAbroad...

In addition to Education Connections (the ad you just saw) all of these websites are brands associated with Education Dynamics.

The purpose of Education Dynamics is to help colleges increase recruitment and enrollment.

It is important to understand how these search sites are funded, because it means you may not be presented with all of your options, only the options that have PAID Education Dynamics (for example) to advertise and target students for them.

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Investigate the school BEFORE Enrolling

- ▶ If something sounds too good to be true, it might be – ask questions.
- ▶ MAKE SURE you know the amount & types of financial aid you will need BEFORE you enroll
- ▶ Know your options. Check out public colleges and community colleges, ask about scholarships and grants available to foster youth. What other types of “free” financial aid are you qualified for at the school?
- ▶ GET EVERYTHING IN WRITING
- ▶ KEEP COPIES OF ALL DOCUMENTS



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Investigate...

College Scorecard
Dept. of Education Website

Important!!!



[HTTPS://COLLEGESCORECARD.ED.GOV](https://collegescorecard.ed.gov)

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Investigate...

Federal College
Navigator Website

Important!!!

Academy of Art University
79 New Montgomery, San Francisco, California 94105

General information: (415) 274-2200
 Website: www.aia.edu
 Type: 4-year, Private for-profit
 Awards offered: Associate's degree
 Two but less than 4 years certificate
 Bachelor's degree
 Postbaccalaureate certificate
 Master's degree
 City/Large

Campus setting:
 Campus housing: Yes
 Student population: 15,212 (10,044 undergraduate)
 Student-to-faculty ratio: 16 to 1

Expand All | Collapse All

- ⊕ GENERAL INFORMATION
- ⊕ TUITION, FEES, AND ESTIMATED STUDENT EXPENSES
- ⊕ FINANCIAL AID
- ⊕ NET PRICE
- ⊕ ENROLLMENT
- ⊕ ADMISSIONS
- ⊕ RETENTION AND GRADUATION RATES
- ⊕ PROGRAMS/MAJORS
- ⊕ SERVICEMEMBERS AND VETERANS
- ⊕ VARSITY ATHLETIC TEAMS
- ⊕ ACCREDITATION
- ⊕ CAMPUS SECURITY
- ⊕ COHORT DEFAULT RATES

[HTTPS://NCES.ED.GOV/COLLEGENAVIGATOR](https://nces.ed.gov/collegenavigator)

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Gainful Employment Disclosure

Dental Assistant Everett College - Anaheim
 Program Level: Undergraduate certificate
 Program Length: 41 weeks

GOALS

- How much will the program cost me?
 - Tuition and fees: \$13,887
 - Books and supplies: \$1,718
 - On-campus room & board: not offered

What other costs are there for the program?
 For further program cost information, click here.
**The amounts shown above include costs for the entire program, assuming normal time to completion. Note that the institution is subject to change.*

FINANCING

- What financing options are available to help me pay for this program?
 - Financing for this program may be available through grants, scholarships, loans, federal and private, and institutional financing plans. The maximum amount of debt for program graduates is shown below:

Federal loans: \$8,436
Private education loans: \$3,718
Institutional financing plans: \$0

SUCCESS

- How long will it take me to complete this program?
 - The program is designed to take 41 weeks to complete. Of those that completed the program in 2012-2014, 6% finished in 41 weeks.
- What are my chances of getting a job when I graduate?
 - Both the institution's state and accreditor require the calculation of a job placement rate for this program.


Accreditor Rate: The job placement rate for students who completed this program is 77%.
For further information about the job placement rate, click here.

State Rate: The job placement rate for students who completed this program is 37%.
For further information about the job placement rate, click here.

Click here for more information on job related to this program.

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California Example: School Performance Fact Sheet



San Joaquin Valley College, Ontario Campus
 4580 Ontario Mills Parkway
 Ontario, CA 91764

Student Performance Fact Sheet
 Calendar Years 2012 and 2013

Clinical & Administrative Medical Assisting AS Degree Program (60 weeks)

Students Completing Within Published Program Length - On-Time (100%) Completion Rate

Calendar Year	Number of Students Who Began Program ¹	Students Available for Graduation ²	Graduates ³	On-Time Completion Rate ⁴
2012	193	193	73	38%
2013	114	114	48	42%

Student Initial: _____

Students Completing After Published Program Length - 101%-150% Completion Rate

Calendar Year	Number of Students Who Began Program ¹	Students Available for Graduation ²	150% Graduates ³	150% Completion Rate ⁴
2012	193	193	50	26%
2013	114	114	32	28%

Student Initial: _____

¹Number of Students Who Began Program is the number of students who began the program who were...

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California Example: School Performance Fact Sheet



San Joaquin Valley College, Ontario Campus
 4580 Ontario Mills Parkway
 Ontario, CA 91764

San Joaquin Valley College's most recent official three-year cohort default rate reported by the United States Department of Education is 38%.
 84% of SJVC students scheduled to graduate in 2011 and 2012 received federal loans.

This fact sheet is filed with the Bureau for Private Postsecondary Education. Regardless of any information you may have relating to completion rates, placement rates, starting salaries or license exam passage rates, this fact sheet contains the information as calculated pursuant to state law.

Any questions a student may have regarding this fact sheet that have not been satisfactorily answered by the institution may be directed to the Bureau for Private Postsecondary Education, 2535 Capitol Oaks Drive, Suite 400, Sacramento, CA 95833, www.bppe.ca.gov, P: 866.370.7589 or 916.431.8955, F: 916.263.1897

I, the undersigned, certify that I have read and considered the information provided on this Student Performance Fact Sheet, and I have had any and all questions answered to my satisfaction by my admissions representative. I certify that no employee or representative of San Joaquin Valley College has made any claims or statements contrary to the information contained in this document, and I understand that no employee or representative of SJVC has the authority to do so.

Student Signature _____ Witnessed by Admissions Representative _____
 Date _____ Date _____

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🚩 Watch for Red Flags 🚩

- ▶ Make sure the school **is accredited** – and look for program limitations if it is not
- ▶ **Default Rates:** Look at the default rate, if it is over 10% – that is a red flag.
- ▶ Make sure the credits **are transferable**
- ▶ Look at the **graduation rate**. Compare it with similar programs. The rate should be over 50%
- ▶ Look at **salary and wage information**. Even if it looks high, consider how much you will have to pay to service your student loans.

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🚩 Red Flags 🚩

- ▶ **Loans:** Make sure you understand clearly what kind of loans are being offered to you before you sign up for them.
 - **Government loans** often have lower interest rates and more flexible deferment and forbearance terms than private loans
 - The paperwork for **private loans** can look very similar to that for government loans AND may be serviced by the same or a similar-sounding loan servicer.

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Know Your Rights

- ▶ If you have an issue at a for-profit school:
 - Try to resolve your problem with the school
 - Make certain that you **keep records of everything**: always note where, what, when, who, and how. Keep a file with notes and paperwork.
 - Keep **all** of your paperwork re: enrollment and financial aid. Keep everything you sign or read when you are enrolling
 - **CONTACT THE BPPE**
AND FILE A COMPLAINT.



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Questions?



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Children's Advocacy Institute: Contact Information

Melanie Delgado
Staff Attorney
Director of Transition Age Youth Projects
Mdelgado@sandiego.edu



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