

Two Years After Harkin Report Revealed Questionable Business Practices in For-Profit College Industry, New Analysis Shows For-Profit Colleges Are Top Recipients of Post 9/11 G.I. Bill Dollars

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Top Eight For-Profit Colleges Received \$2.9 Billion in Post-9/11 G.I. Bill Funds Between 2009 and 2014 and Nearly 25 Percent of all Post-9/11 GI Bill Funds Last School Year

Seven of Top Eight For-Profit Colleges Receiving Post-9/11 G.I. Bill Benefits Are Under State or Federal Investigation

WASHINGTON, D.C.—Two years after a landmark investigation into the for-profit college industry revealed a host of serious problems, including poor student outcomes and high debt burdens, **a new report** by the majority staff of Chairman Tom Harkin’s (D-IA) Senate HELP Committee shows that for-profit colleges are collecting billions of taxpayer dollars from veterans using their Post-9/11 G.I. Bill benefits. Although overall student enrollment has decreased at each of the eight top for-profit Post-9/11 G.I. Bill beneficiaries, their enrollment of veterans has dramatically increased—anywhere from 61 to 657 percent—during the same period.

The Post-9/11 G.I. Bill, which went into effect in 2009, provides veterans with up to \$19,200 a year in education benefits for four years. The HELP Committee’s new report raises concerns, given that the previous Committee investigation revealed that many for-profit schools utilize aggressive and often questionable marketing and recruiting tactics, provide programs of questionable value, and often cost far more than comparable programs offered at public schools. These findings have provided the underpinnings of a nationwide series of investigations and lawsuits by dozens of state Attorneys General and federal enforcement agencies.

“More and more veterans are enrolling in high cost for-profit programs of questionable quality, while the share of veterans enrolling in community colleges and state universities is shrinking,” **Harkin said**. “While the Post-9/11 G.I. Bill was designed to expand educational opportunities for our veterans and servicemembers, I am concerned that it is primarily expanding the coffers of the big corporations running these schools. It is evident that more needs to be done to ensure that veterans and servicemembers, who have sacrificed so much for our nation, are receiving a quality education—and that taxpayer dollars aren’t wasted on shoddy programs.

“This report, including the findings that \$186 million of veteran benefits were squandered and thousands of veterans will be impacted by the failure of Corinthian Colleges, must be a wake-up call for anybody concerned about our nation’s veterans,” **Harkin added**. “Eight institutions, nearly all of which are under investigation by federal and state law enforcement for questionable business practices, received almost a quarter of all Post-9/11 G.I. Bill dollars last year. It is clear that all stakeholders, and especially Congress, must take action to better protect our nation’s military families.”

“On too many basic measures of value, for-profit colleges fail to meet minimum standards. The recent collapse of Corinthian Colleges should serve as a warning to students to think twice before enrolling in these schools and to taxpayers who are subsidizing these schools often up to 90% of their total revenue,”

said Senator Dick Durbin (D-IL), author of the *Protecting Our Students and Taxpayers (POST) Act*, which would include Post-9/11 GI Bill funding in the current federal 90/10 rule. “By leaving open a loophole that allows Post-9/11 GI bill funding to go unaccounted for, we are incentivizing for-profit education companies to aggressively market to and enroll veterans. The results laid out in Chairman Harkin’s report show that unfortunately these predatory tactics are working. We need to close this loophole.”

“Today’s report should be a wake-up call to the federal government. It’s a serious problem that Post-9/11 G.I. Bill dollars are often inflating these companies’ revenues instead of actually providing a meaningful education to the men and women who earned those benefits. The Post-9/11 G.I. Bill should benefit our veterans and their families—not companies like Corinthian that’s gotten \$186 million in G.I. Bill funds but is now undergoing bankruptcy proceedings,” said Senator Chris Murphy, a member of the HELP Committee. “The bottom line is that the federal government can’t sit back and let some for-profit colleges get away with deceptive practices that rob our veterans of their education and military benefits in order to pad profits. We need to act now.”

The investigation released today shows that taxpayers are paying twice as much for a veteran to attend a for-profit college as a public college. For-profit colleges received \$1.7 billion in Post-9/11 G.I. Bill benefits in the 2012-2013 school year, nearly as much as the total cost of the program just four years earlier. Eight of the top ten recipients of Post-9/11 G.I. Bill federal funds are large, publicly-traded companies that operate for-profit colleges. Those companies have received \$2.9 billion in taxpayer dollars to enroll veterans in these schools over the past 4 years, including 23 percent—or \$975 million—of all Post-9/11-G.I. Bill benefits in 2012-13.

Additional findings from the report include:

Veteran enrollment at for-profit colleges is skyrocketing relative to enrollment at public colleges, with for-profit colleges collecting billions in Post-9/11 G.I. Bill funds:

- While the total number of veterans attending all colleges on the Post-9/11 G.I. Bill grew rapidly between 2009-10 and 2012-13, both the number of veterans attending for-profit colleges and the amount of benefits these colleges received increased more than in other sectors of higher education.
- The percentage of veterans attending a public college declined from 62 percent in 2009 to just 50 percent in 2013. During the same period, the percentage of veterans enrolling in for-profit colleges increased from 23 to 31 percent of total enrollees.

Taxpayers continue to fill the coffers of for-profit colleges: today’s report revealed that many of these companies rely on a loophole and use these benefits to meet a requirement that they not receive more than 90 percent of revenues from the federal college aid programs. Programs at for-profit colleges are also often far more expensive than comparable programs at public schools:

- Taxpayers are paying twice as much on average to send a veteran to a for-profit college for a year compared to the cost at a public college or university (\$7,972 versus \$3,914).
- Some large companies that operate for-profit colleges appear increasingly dependent on continued receipt of Post-9/11 G.I. Bill funds to comply with the federal “90/10” requirement, designed to ensure the companies and the schools are not **overly dependent on federal education resources**. A loophole in federal law allows for-profit colleges to consider funds from the Post 9/11-G.I. Bill and the Tuition Assistance Program (TAP) on the “10 percent” side, as non-federal funds. However, at least four of the companies receive an estimated 43 to 63 percent of their “10

percent” revenues from Post-9/11 G.I. Bill benefits.

- Amongst the top recipients of Post-9/11 GI Bill benefits is Corinthian Colleges, Inc. Corinthian received \$186 million in Post-9/11 G.I. Bill funds from 2009 to 2013, yet recently announced it was in such severe financial distress that it would close or sell all campuses. In all, seven of the eight companies are currently under investigation by state attorneys general or federal agencies for deceptive and misleading recruiting or other possible violations of federal law.

Further, students at these for-profit colleges, as shown in Harkin’s 2012 report, withdraw from school at a high rate, frequently take on significant debt, and are often left with meager job prospects that leave them unable to repay their loans:

- The federal government does not currently track how veterans are performing at different colleges. However, overall student outcomes provided by the companies to the HELP Committee for students enrolling between 2008 and 2009 demonstrate reason for concern. Up to 66 percent of students who enrolled in the for-profit colleges currently receiving the most Post-9/11 G.I. Bill benefits withdrew in that school year without a degree or diploma.
- Between 39 and 57 percent of the programs offered by four of the companies receiving the most Post-9/11 G.I. Bill benefits would fail to meet the **proposed gainful employment rule** thresholds, suggesting that the students who attend these institutions do not earn enough to pay back the debt they take on.

Harkin’s HELP Committee led a two year investigation into the for-profit college industry, culminating with the release of *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success*, an **extensive final report**. The **investigation** found that for-profit colleges were the largest recipients of Post-9/11 G.I. Bill benefits and that many in the for-profit sector targeted veterans and servicemembers with manipulative and misleading marketing campaigns, offered educational programs that were far more expensive than comparable public programs, and failed to provide enrollees with necessary support services.

The **final report** similarly underscored the questionable value of many for-profit programs, revealing that the majority of associate’s and bachelor’s degree students at for-profit colleges left school with debt but no diploma, while those that did graduate were often unable to find employment that allowed them to pay back their often-sizeable student loan debt. The report showed that students at for-profit colleges accounted for nearly half of all federal student loan defaults.

The full report **can be seen here**. The appendices to the report can be seen **here** and **here**.

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